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OST-02-11590-23

**Proposal under the Small Community Air Service Development  
Pilot Program**

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**SARASOTA BRADENTON INTERNATIONAL AIRPORT**

**Community:** Greater Sarasota & Manatee County Area

**Legal Sponsor:** Sarasota Manatee Airport Authority

**Docket Number** OST-2002-11590

**COMMISSIONERS**

Frank I Gurney  
 John M Keller  
 Dan P McClure

Stephen J Peirce  
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**EXECUTIVE DIRECTOR**

Fredrick J Piccolo, A A E



**Sarasota Bradenton  
 International Airport**

April 16,2002

The Honorable Norman Mineta  
 Secretary of Transportation  
 United States Department of Transportation  
 400 Seventh Street, SW, Room 10200  
 Washington, DC 20590

Dear Secretary Mineta:

The Aviation Investment and Reform Act of the 21<sup>st</sup> Century (AIR-21) established the Small Community Air Service Pilot Program designed to help smaller communities enhance access to the national air transportation system. Attached is the application of the Sarasota Manatee Airport Authority under the pilot program. The Authority operates the Sarasota Bradenton International Airport and represents all the citizens of that two county area. In the "Notice of Order Soliciting Community Proposals," under the AIR-21 authority, the Department noted that "program funding is intended to improve air service to those communities that are not receiving sufficient air service or are experiencing unreasonably high fares."

Unfortunately, Sarasota Bradenton International Airport has experienced some of the worst declines in *air* service over the last decade of any airport in the United States. In addition, fare levels from Sarasota/Bradenton to most major cities in the United States are significantly higher than at other airports. During a decade when the population of Sarasota and Manatee Counties is increasing by 20.5% the airport is experiencing the following:

- Decreasing passenger traffic, 41.9% between 1990-2001.
- Decreasing passengers totals of 838,135 between 1990-2001
- Decreasing daily air carrier operations, 77.9% since 1990
- Decreasing commuter operations, 53.8% since 1990.
- Decreasing service of non stop cities served, by 77.3%
- Decreasing passenger traffic in 2001, 22.1% prior to 9/11
- Decreasing passenger traffic in 2002 an additional 22% to date
- Downgrading of Northwest Airlines service from year round service to seasonal
- Cessation of service to the community by Charter carriers, Sun Country, Southeast Airlines, Canada 3000, and Air Transat. (56,000 passengers) in the last year
- Loss of five ( 5 ) major air carriers
- Loss of three airlines in the last two years, TWA, AA Eagle, US Express

The Honorable Norman Mineta

April 16, 2002

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To help expand service, the Airport Authority has created a civic/business support group and has an air carrier commitment to this partnership. The approval of our application is critical to the airport's continued viability and the economic development of the community.

We request that every possible consideration be given to our situation. Your consideration of this request is greatly appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "Fredrick J. Piccolo".

Fredrick J. Piccolo, AAE  
Executive Director

FJP/kg

## **Proposal under the Small Community Air Service Development Pilot Program**

**Community:** Greater Sarasota & Manatee County Area

**Legal Sponsor:** Sarasota Manatee Airport Authority

**Docket Number** OST-2002-1 1590

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## Executive Summary

### Proposal under the Small Community Air Service Development Pilot Program

**Docket Number:** OST-2002-1 1590

**Legal Sponsor:** Sarasota Manatee Airport Authority  
Sarasota Bradenton International Airport (SRQ)

#### **Community:**

Sarasota Manatee County Area including Cities of Sarasota, Bradenton, Venice and Longboat key

#### **Applicant Contribution:**

\$ 925,000.

#### **Grant Request:**

\$2,000,000.

#### **Air Service History at SRQ:**

During a decade when the population of Sarasota and Manatee Counties is increasing by 20.5% the airport is experiencing the following:

- Decreasing passenger traffic, 41.9% between 1990-2001.
- Decreasing passengers totals of 838,135 between 1990-2001
- Decreasing daily air carrier operations, 77.9% since 1990
- Decreasing commuter operations, 53.8% since 1990.
- Decreasing service of non stop cities served, by 77.3%
- Decreasing passenger traffic in 2001, 22.1% prior to 9/11
- Decreasing passenger traffic in 2002 an additional 18.3% to date
- Downgrading of Northwest Airlines service from year round service to seasonal
- Cessation of service to our community by Charter carriers, Sun Country, Southeast Airlines, Canada 3000, and Air Transat. (45,000 passengers)
- Loss of five (5) major air carriers
- Loss of three airlines in the last two years, TWA, AA Eagle, US Express

#### **Air Service Deficiencies:**

- Limited Hubsite Access
- No Access to a Western Hubsite
- Limited East Coast Metro Service
- Limited "low fare" Service
- Limited Seat Capacity
- Leakage of area top 25 markets to other facilities range from 38%-86% per city-pair.
- Leakage of over 1.6 million passengers to other airports
- Leakage totaling 90% is due to price and schedule disparity

- A March **2002** study of airfares in the Sarasota Bradenton market compared to competing airports in Tampa and Orlando revealed that fares from SRQ to many major hubs (HOU, MSP, PHL, PIT, and CLE) range from **33%-63%** higher. Fares to popular Western destinations like Los Angeles and Las Vegas are 400-500% higher!
- Leakage is the primary cause of enormous environmental consequences from automobile resulting in:
  - 11,200,000 gallons of fuel expended
  - 1.28** billion grams of carbon dioxide (CO<sub>2</sub>) released
  - 203** million grams of nitrous oxide (NOX) released
  - 2.24** million grams of particle matter (PM) released

**Proposed Solution:**

[REDACTED]

*Blackened area denotes confidential information*



## OVERVIEW

### Airport and Community Name

The Sarasota Manatee Airport Authority represents Sarasota and Manatee County. This two-county Authority is an Independent Special District created by the Florida Legislature.

**Sarasota Bradenton International Airport (SRQ)**

**6000 Airport Circle**

**Sarasota, FL 34243**

**Contact: Fredrick J. Piccolo, AAE**

**Executive Director**

**941-359-5200 ext. 4200**

**fredp@srq-airport.com**

### Additional Community Members

Sarasota County Convention and Visitors Bureau

Bradenton Area Convention and Visitors Bureau

Sarasota County Chamber of Commerce

Manatee County Chamber of Commerce

Sarasota Manatee Airport Advisory Commission. This **17** member Commission represents the following organizations(*Appendix One*):

- Manatee County Board of County Commissioners
- Sarasota County **Board** of County Commissioners
- ManaSota **League** of Cities
- ~~Arts~~ Council **of** Manatee County
- Sarasota County **Arts** Council
- Manatee Chamber of Commerce
- Sarasota Chamber of Commerce
- Manatee County Economic Development Council
- Sarasota County Committee for Economic Development
- The Argus Foundation
- Tropicana Products, Inc. (employs **4,200** people in our area)
- Arthur Andersen Technology Solutions (employs 900 people in our area)
- Jorolco International Ventures

### Project Sponsor

Sarasota Manatee Airport Authority (SMAA).

### Project Description

The Sarasota Bradenton International Airport has seen a precipitous decline in passenger traffic over the last decade despite population growth of 25% in Manatee County and 17% in Sarasota

County. In calendar year 1990 the airport handled 2,010,304 passengers. In contrast in 2001, the airport handled 1,172,169 passengers. This is a **decrease** of 838,135 passengers or 41.6%.

The Sarasota Manatee Airport Authority is seeking a Small Community Air Service Grant of \$2,000,000 to use as an inducement to attract a new carrier to SRQ. The SMAA proposes to utilize the grant funds in two ways. They are as follows: First, \$500,000 for advertising of the new service locally and from inbound markets. Second, \$1,500,000 to defray startup costs and as a revenue guarantee to ensure the service is given time to establish a presence in the local marketplace.

The community is willing to provide two types of additional funding and establish specific community outreach efforts for this new service. The SMAA will waive \$9.00 of airport fees per enplaned passenger for a period of twelve months. Based upon an airline providing three daily flights in a narrow body aircraft, this waiver has a value of approximately \$725,000. In addition, SMAA and its community partners are prepared to provide \$175,000 of monetary funding towards the marketing program, \$25,000 of In-Kind services from the two county Chambers of Commerce and a "New Business Community Air Service Awareness Program" to reach over 10,000 Chamber member businesses. This is a \$925,000 commitment by the community.

*Blacken area denotes confidential information*

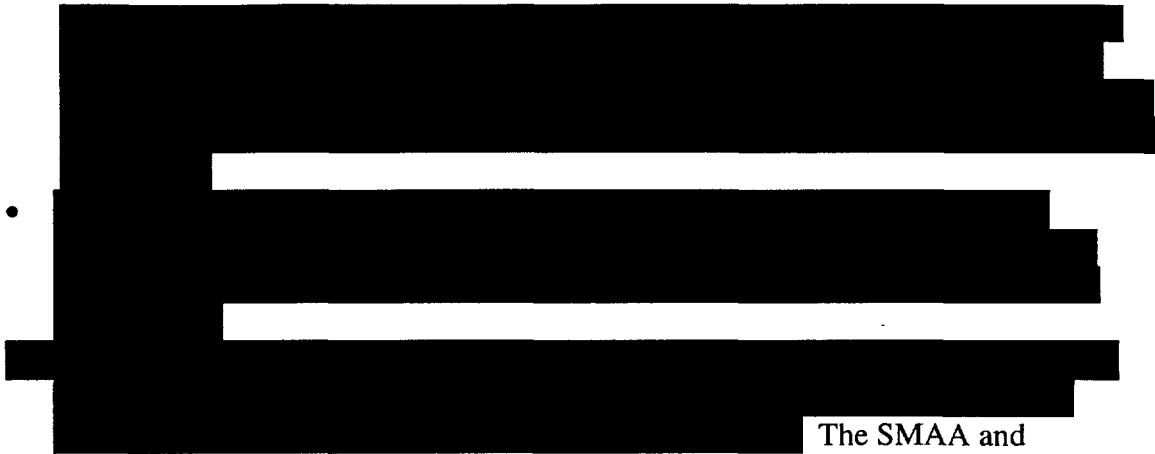
## Project Duration

The applicant's preference is a funding request for one year. If the total funding, dedicated to revenue guarantees, is not used in the first year due to good passenger loads, we request the flexibility to utilize the existing revenue guarantee portion of the funding for an additional year, or until the funding is expended, whichever comes first. Should any funding remain after year two, the applicant would return the funds to the Department. The applicant **does not** anticipate requesting any funding after the first year if the full request is approved. Alternatively, the applicant believes the funding could be allocated over a two-year period. This would result in a grant of \$1,000,000 per year. SMAA would utilize \$250,000 per year for marketing support and \$750,000 for startup and revenue guarantee expenditures.

The award of this grant ensures the establishment of a significant level of new service at SRQ for at least two years. There is an added value in using the grant; that is, it provides long-term benefit to the community after assisting with the establishment of the airline in the market.

## Project Elements

has executed a Letter of Intent (*Appendix Two*) whereby they agree to the provide the following:



The SMAA and community partners will provide \$175,000 to advertise locally and from inbound markets. In addition, the In-Kind contributions of the two county Chambers of Commerce have a value of \$25,000. Because the Sarasota and Bradenton area is a Florida Leisure destination, it would be very advantageous for any new carrier to be able to advertise in various inbound locations about their new service.

- The Federal funding would be utilized in the following manner. The \$500,000 of grant funds would be combined with \$175,000 of applicant funds to advertise the new service locally and from inbound cities of the Carrier. While \$1,500,000 of the grant funds would be used for airline start-up costs including computer installations, crew relocations, signage and equipment and revenue guarantees. Each flight would have a target revenue amount. Any flight that did not reach the minimum revenue requirement would have any shortfall made up by the revenue guarantee fund.

## Project Cost

Local Share	\$ 725,000 Airport Fee Waiver
	\$ 175,000 Advertising Funds
	\$ 25,000 In Kind
Federal Share	<u>\$2,000,000</u> Combination
Total Joint Funds	\$2,925,000 Total

## PROPOSED PLAN

### Evaluation Criteria and Background Synopsis

In the March 8, 2002 *Federal Register* the Notice of Order Soliciting Community Proposals stated that, "The core objective ... is to secure enhancements that will be responsive to a community's air transportation needs and where benefits can be expected to continue after the initial expenditures".<sup>1</sup> We believe this proposal meets that core objective.

[REDACTED] This proposal contains a minimum commitment of two years service from the carrier with a minimum of three daily jet flights and nonstop service to at least two cities. One city to receive nonstop service is not presently served at SRQ. In addition, it is the expectation of all partners that this service will expand to include additional cities in a short period of time.

[REDACTED] (Appendix Three).

Finally, it also provides for significant reductions in fuel consumption and air pollution by reducing vehicle trips to airports outside our service area.

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<sup>1</sup> Federal Register Vol. 67, No. 46/ Friday, March 8, 2002/Notices/Washington, D.C.

## Air Service History

*Synopsis of community's historical service including destinations, traffic levels, service providers, and any extenuating factors that might have affected traffic in the past or that can be expected to influence service needs in the near of intermediate term.*

Since 1990 the Sarasota Bradenton International Airport has seen a steady decline in air service despite a rapidly growing community. The following table demonstrates this fact using the airport's heaviest month.

<b>ITEM</b>	<b>APRIL/1990</b>	<b>APRIL/2001</b>	<b>APRIL/2002</b>	<b>NOTES</b>
<b>Total Passengers</b>	2,010,304	1,172,169	(18.3%)	(41.6%)
<b>Daily Air Carrier Ops</b>	57	16	16	(71.9%)
<b>Daily Commuter Ops</b>	13	17	7	10 discontinued in 2002 (53.8%)
<b>Major Carriers</b>	9 AA, CO, DL, EA, ML, NW, TW, UA, US	4 CO, DL, US, TZ NW (seasonal)	4 CO, DL, US, TZ NW (seasonal)	US cut an additional 33% in 2002
<b>Commuters</b>	2 CO EXP, Air Sunshine	6 ASA, Comair, Air Sunshine, AA Eagle, US Exp, Florida Air	4 ASA, Comair, Air Sunshine, Gulfstream	
<b>Non Stop Destinations Major Carriers</b>	22 ATL, CLE, CLT, CVG, DCA, DFW, DTW, EWR, IAD, JFK, LGA, MCO, MEM, MIA, MSP, PHL, PIT, ORD, RDU, RSW, STL, TPA	5 ATL, CLT, EWR, IND, MDY	5 ATL, CLT, EWR, IND, MDY	(77.3%)
<b>Commuter Destinations</b>	2 FLL, MIA	6 CVG, FLL, MIA, MCO, RSW, TLH	4 CVG, FLL, MIA, TPA	
<b>Population</b>	489,483	589,959		+20.5%

It is clear from the table above that the Sarasota Bradenton International Airport has experienced a catastrophic drop in service and carriers during a period of significant population growth.

In addition, the Sarasota Bradenton International Airport was experiencing a 22% **decline in passenger traffic before 9/11**. Traffic for calendar year 2001 was down 22.1%, and traffic to date in 2002, continues to decline an **additional 18.3%**. In the last two years SRQ has lost TWA, American Eagle, and USAirways Express. Northwest Airlines downgraded their service from year round to seasonal service. Charter carriers, Sun Country, Southeast Airlines, Canada 3000, and Air Transat, have ceased service to our community.

Today, in the top 25 markets, Sarasota/Manatee has nonstop service from only five locations and one seasonal location. This compares to **22** in 1990. It is ironic that Tampa has nonstop service now to 22 destinations, and local consumers must drive to access those services (*Appendix Four*).

## Air Service Deficiencies

*An analysis of the community's air service needs or deficiencies, including a comparison of fares, currently offered at the community to those offered at similar communities in similarly served markets.*

When the number of major airlines in a market declines by over 50%, the amount of daily air carrier flights declines by 71%, and the number of nonstop cities served declines by 77%, there is a prima facie case that service deficiencies exist.

In March 2002 the Authority authorized a study of airfares in the Sarasota Bradenton market compared to competing airports in Tampa and Orlando (*Appendix Five*). The study revealed that fares from SRQ to many major hubs (HOU, MSP, PHL, PIT, and CLE) range from 33%-63% higher. Fares to popular Western destinations like Los Angeles and Las Vegas are 400-500% higher!

In addition to the factors listed above, the Sarasota Manatee Airport Authority commissioned an extensive study of the air service needs and deficiencies in our market. The study was conducted by *The Boyd Group/ASRC, Inc.* in July 2001 (*Appendix Six*). Some highlights from the study are as follows:

Identified five major air service challenges.

- Limited Hubsite Access
- No Access to a Western Hubsite
- Limited East Coast Metro Service
- Limited "low fare" Service
- Limited Seat Capacity

The Study also examined fare disparity in both the business and leisure categories. It found that leisure fares, generally, are higher to key destinations, and the availability of such fares is lower at SRQ due to the lower capacity that is offered. For example, leisure fares to New York, Atlanta, Chicago, Baltimore, Los Angeles, Las Vegas and Nashville were higher than Tampa International. Business fares revealed a similar situation.

The study examined the top 25 markets in the SRQ service area and the leakage to other facilities. This examination revealed leakage of 38%-86% in 22 of the city-pairs. This leakage results in over 1.1 million passengers leaking to other airports in the year 2000 from these 25 city-pairs alone. That number continues to increase as more service leaves our market.

In addition to this study, an extensive market survey was commissioned by the SMAA. The firm of SA&A Direct, a market research firm based in North Carolina, completed the survey in June 2001 (*Appendix Seven*). The survey revealed, that of the top eight cities that travelers wanted new service into, only Atlanta had daily year round service presently by SRQ. The cities desired were New York City, Chicago, Boston, Washington, D.C., Las Vegas, Dallas, and Detroit. When 2875 respondents were asked what is the single-most important factor in choosing an airport other than SRQ the top three responses were as follows:

- Price (1903)
- Availability of Flights/Schedules (343)
- Direct Flights (323)

This is 90% of the respondents. It clearly demonstrates that local users would patronize SRQ if these services existed in the local market.

██████ We believe the approval of our application would allow some of that service to return and would build new demand.



## Strategic Plan

*A strategic plan for meeting those needs through the pilot program, including the community's specific project goal and a timetable for attaining the goal.*

The SMAA and our community partners enter this process in an effort to reverse a trend that threatens the economic viability of the airport and the community. Our goal is to establish a carrier that provides both a sizable route network and a low fare structure that will address the service needs of our community without our users having to leave the community to find the service they need. We also hope to exert pressure in our marketplace to lower fares and attract additional services.

. We also believe that the goal of the Department of Transportation to assist in a project that promotes self-sufficiency and long term benefit with only one year of funding is met in this application. The remaining year of Carrier's lease is accomplished without any additional funding commitments by the DOT.

Various DOT studies on competition and low-fare service such as "'Dominated Hub Fares," Office of the Assistant Secretary for Aviation and International Affairs, U.S. Department of Transportation, January, 2001" revealed;

- Passengers in short-haul hub markets without a low-fare carriers pay even higher fares, or **54%** more on average than passengers in comparable markets with a low-fare competitor.
- The negative effects of high hub fares reach beyond hub cities. Spoke communities whose service is predominantly to network hubs by hub dominant carriers may also be subjected to high prices. Buffalo, New York provides a good example of this, and also the benefits of low-fare competitive alternatives. People at Buffalo, and their elected representatives, worked hard to attract low-fare service and they have succeeded. The benefits, in terms of increased service and lower prices, are enormous. For example, average fares declined by 36%, from \$185 to **\$119**, in the Atlanta-Buffalo market after AirTran's entry and the number of passengers in the market increased by 65%.
- It is evident that a strong demand for low-fare seats remains unmet **in** markets without low-fare competition, and that the pent-up demand for low-fare service is enormous.
- Undeniably, the presence or absence of a low-fare competitor has a profound effect on price.
- Without the presence of effective price competition, network carriers both charge much higher prices and curtail capacity available to price sensitive passengers at their hubs.
- With effective price competition, consumers benefit from both better service and lower fares.
- The key to eliminating market power and fare premiums is to encourage entry into as many uncontested markets as possible.
- An examination of passenger traffic in the Atlanta-Greensboro market before and after entry by AirTran. The difference in prices charged is due to the introduction of new competition in the market. After entry by AirTran the number of seats made available to consumers at low-fares increased significantly. Total passengers in the market doubled, and the average fare fell by half.
- In this example, 36,200 more passengers paid fares of less than \$100 after low-fare entry. This far surpasses the total number of passengers in the market before AirTran's entry. In addition to the several thousand business passengers who now pay lower fares, it is likely that additional business passengers who were unwilling to pay \$700 to fly round trip were willing to travel by air for less than \$200. The fare benefits of low-fare competition are not limited to business travelers. The Atlanta-Greensboro example demonstrates that price

sensitive travelers not only benefit from greater seat availability, many enjoy even lower fares than were previously available to all but a very few passengers.

- Even true discretionary markets that already enjoy significant low-fare seat availability still benefit from low-fare competition. Although fares many not change so dramatically when a new competitor enters a discretionary market, the total number of seats made available increase greatly. The Buffalo-Tampa market provides an excellent example of this. The average fare before AirTran entry was \$145; after entry it dropped by only \$13. In spite of the rather modest fare reduction, passenger levels increased by 40%-stimulated by newly available capacity.
- A special section in the second-quarter 2001 *Domestic Airline Fares Consumer Report* notes that the introduction of low-fare airline competition in markets in the Northeastern United States in recent years has led to dramatic decreases in average fares in those markets.

The report adds that for many years, markets along the West Coast enjoyed a much larger presence of low-fare carriers than did East Coast markets. However, over the past five years a number of low-fare competitors have entered markets in the east, leading to a decrease in fares for short-distance East Coast flights compared to the rest of the country.

Between the second quarter of 1996 and the second quarter of 2001, average fares dropped 20 percent or more for flights from Albany, Buffalo and Islip, NY; Manchester, **NH**; and Providence, RI, after the entry of low-fare competition. In addition, passenger levels on flights to and from those cities have increased rapidly.

The Special Feature states the following:

Further examination of new entry of low-fare carriers in the Northeast provides insight into how the introduction of low-fare service changes airline markets and the importance of low-fare competition in traffic growth and, by extension, in economic growth

Today, low-fare carriers have moved into the Northeast with both regional nonstop service and connecting service to destinations throughout the country.

From its Atlanta hub, AirTran serves both Pittsburgh and Buffalo, providing connecting opportunities for passengers traveling in those city-pair markets.

Albany, Buffalo, Islip, Manchester, and Providence have all experienced declines in average fares of more than 20 percent. Passenger levels have taken off in these cities as well.

This analysis of the introduction of low-fare service in the Northeast shows that there are many markets with pent-up demand for such service in the region. It also demonstrates how much traffic growth is stimulated by the addition of low-fare services. There are clearly many growth opportunities for carriers in the region. As airlines seize these opportunities, West Coast and East Coast fare differentials may be significantly reduced over time.



## 1. ***Economic Impacts***

The economic prosperity of the region is jeopardized by the continued decline in service levels and high fares. The Sarasota Bradenton International Airport has no low fare carriers. The Letter of Intent guarantees a minimum of 116,070 departure seats in the market. At 70% load factor this is over 81,249 enplanements or over 162,499 total passengers or 10.2% of passenger bleed.

Extrapolating the effect of a 10.2% increase in passenger traffic from the Economic Impact Study done in 1997 by *The Airport Technology and Planning Group, Inc. (Appendix Eight)* for the SMAA reveals that the **annual** impacts would be as follows:

- Provides approximately \$365,000 of PFC revenue, and an additional \$300,000 of AIP entitlement funding for the airport annually.
- Visitor expenditures of \$25,934,680
- 76 new on airport jobs
- \$2.16 million increase in on airport payroll
- \$5.68 million increased on airport output.
- 162 off airport jobs
- \$4.76 million increased off airport payroll
- \$12.92 million increased total output

Therefore, [REDACTED] the positive economic impact of the award of this grant exceeds 38 million dollars on an annual basis and 238 additional jobs. This does not include the jobs that will be saved by stopping the continued passenger bleed from Sarasota Bradenton International Airport. It also provides an additional \$1,330,000 of AIP and PFC funding to the airport.

The Study revealed that the number four consideration businesses contemplate when relocating or expanding is Commercial air service. The steady decline in service severely hinders the community's ability to compete. The proposal brought forth by the applicant community contains a private entity that the U.S. Department of Transportation's own studies have demonstrated will address both service level and fare issues immediately.

- Ensures long term success of the grant expenditure given the two-year commitment.
- Helps to ensure the economic viability of the airport through increased non-airline revenue.

These benefits will expand as the AirTran service and the other air carrier services grow in response. Given the two-year commitment by our partner, it is likely that the new carrier will stay once the first year has past.

## 2. ***A description of the public-private partnership.***

The public entity is the Sarasota Manatee Airport Authority. It is an Independent Special District created by the State Legislature under the laws of Florida to operate and develop the local airport. The Authority would be the public agency responsible to accept program reimbursements. This public agency represents the residents of both Manatee and Sarasota Counties. In fact, the Board of Directors is appointed by the Governor of Florida and contains three members from each county. In addition, we bring a number of community partners to the process that are providing funding, logistical and promotional support, as well as political support. These partners are providing monetary contributions, and/or in-kind services to assist in marketing the carrier to the community and inbound markets. They include the Sarasota County Convention and Visitors Bureau, Bradenton Area Convention and Visitors Bureau, The Greater

Sarasota Chamber of Commerce and the Manatee Chamber of Commerce. The private entity is AirTran Airways, which would provide the airline service to the community.

**3. An analysis of the funding necessary for implementation of the community's project, including federal and non-federal contributions.**

The community partners will provide \$175,000 to advertise locally and from inbound markets and contribute \$25,000 of In Kind services through the two county Chambers of Commerce. Because the Sarasota and Bradenton area is a Florida leisure destination it would be very advantageous for any new carrier to be able to advertise in various inbound locations about their new service. We believe this commitment of \$900,000 on the part of the public applicant is a sizable commitment by the community towards addressing this problem.

Local Share	\$ 725,000 Airport Fee Waiver
	\$ 175,000 Advertising Funds
	\$ 25,000 In Kind
Federal Share	\$2,000,000 Combination
Total Joint Funds	\$2,925,000 Total

The funding would be utilized in the following manner. \$500,000 of grant funds would be combined with \$175,000 of applicant funds to advertise the new service locally and from the inbound cities of Carrier. The Sarasota/Bradenton area, a Florida tourism destination is predominately an Origination & Destination airport. The availability of new low fare service is an opportunity for the area to capture a greater amount of Northern and midwestern leisure travelers and the economic benefit they will provide to the area. Since our private partner has a network that provides service to eleven (11) of the top twenty-five city-pairs at SRQ, it would be very advantageous to advertise this new service in these inbound markets. The local community does not have the funding available to take on this task alone. The local contribution of \$175,000 is a 35% match of this element of the funding request contained in our application.

The second component of the grant would be \$1,500,000 to be used for airline start-up costs including computer installations, crew relocations, signage and equipment and revenue guarantees. Each flight would have a target revenue amount. Any flight that did not reach the minimum revenue requirement would have any shortfall made up by the revenue guarantee fund. This component provides financial protection to the low fare carrier while trying to establish service in the marketplace.



## Grant Assurances and Monitoring Plan

### **1. *An explanation of how the community will provide assurances its own funding contribution is spent in the manner proposed.***

The SMAA is audited annually by an independent firm. Included in that audit assignment is a Schedule of Expenditures of Federal Awards and State Financial Assistance and Supplementary Schedule of Passenger Facility Charges and Reports on Compliance (*Appendix Nine*). This audit is performed by Pricewaterhouse Coopers and is provided to state and federal oversight agencies. In addition, our private partner, AirTran Airways, would surely notify the Department if SMAA did not meet the obligations contained this grant application.

### **2. *Descriptions of how the community will monitor the success of the program and how they intend to notify the Department of critical milestones during the life of the program, including the need to modify, or discontinue the program.***

Because this public-private partnership enters this application process with a firm commitment for service we believe the program can be judged a success from its inception, especially in light of the fact that a two-year commitment is being made by the private partner. The applicants will provide the Department with monthly passenger traffic statistics both of AirTran Airways and other airlines using SRQ (*Appendix Ten*).

As stated previously, the Department of Transportation's own data clearly demonstrates that the introduction of low fare network service where none previously existed stimulates traffic, lowers fares across different carriers, and provides economic benefit to the airport and the community. This application provides an opportunity for the Department to provide an immediate and direct positive economic impact on the community estimated at nearly \$38 million annually. It is believed that this estimate is conservative given the fact that the Department reports show that when a carrier like [REDACTED] it stimulates traffic of other carriers in the area as well.

### **3. *We would encourage proposals that attempt to stimulate new demand at a local airport and make service more attractive such that local passengers would no longer have the incentives to drive to a more distant airport. Proposals should clearly identify the target audience of all advertising and promotion efforts.***

Given the amount of traffic bleed to other facilities exceeds 1.6 million passengers annually or 66% of our local market, and given the results of the survey that indicate local residents highly desire low fare service to many of the destination points contained [REDACTED], the justification of need to for this application is quite clear in our opinion. All advertising and promotion would be directed to recapturing some of this bleed.

As stated previously in this application, the number one reason for the significant amount of bleed to other facilities is the lack of competitive pricing in our market. The ability to establish low fare service with a carrier that provides a wide network of destinations will make service at SRQ much more attractive and competitive. We believe the opportunity this grant program offers to the Sarasota Bradenton International Airport is the best chance for reversal of our passenger traffic declines in the last decade. The grant award is a critical element for our survival.

## Environmental Consequences of Airline Passenger Diversion at the Sarasota Bradenton International Airport

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There is an additional consideration that is unique to this application. The firm, Black and Veatch, performed a study of the environmental impact of passenger bleed through the use of automobiles to reach Tampa International Airport. In calendar year 2000, over 1,600,000 people from Sarasota and Manatee Counties drove to the Tampa International Airport (est. 100-mile roundtrip) to catch a flight. The environmental impact of this exodus is as follows:

- Roadway travel – 224,000,000 of road travel is utilized by the 1.6 million passengers diverting to Tampa. This travel adds to the wear and tear on the roadway system and the congestion.<sup>2</sup>
- Fuel consumption – Using an average of 20 gpm the annual gasoline fuel consumption is 11,200,000 gallons.
- Pollution – The amount of additional pollutants, i.e. carbon dioxide (CO<sub>2</sub>), nitrous oxide (Nox) and particle matter (PM) created by the diverted passenger traffic is significant.<sup>3</sup>

<u>Pollutant</u>	<u>Grams per mile</u>	<u>Total Grams</u>	<u>Total Pounds</u>
CO <sub>2</sub>	<b>5.71</b>	1.28 billion	<b>320 million</b>
Nox	<b>0.91</b>	203 million	50.7 million
PM	<b>0.01</b>	2.24 million	560,000

The amount of pollution **and** road congestion resulting from the passenger diversion is a significant public policy issue. The fuel consumption attributable to passenger diversion is a timely issue as well. It should be noted that this exhibit only demonstrates the results from one airport.

This is an additional advantage of our proposal; not only does this provide economic and air service benefits to our community, it also results in reducing air pollution levels throughout the region.

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<sup>2</sup> The Authority's survey data shows that 40% of passengers using Tampa are dropped off upon departure and picked up upon return (200-mile roundtrip). 640,000 x 200 mi. = 128,000,000 miles. 960,000 x 100 mi. = 96,000,000 miles. Total 224,000,000 miles.

<sup>3</sup> Using the Emission Factors (EMFAC) model developed by the California Air Resources Board and assuming vehicles moving at 50 mph in an ambient temperature of 70 degrees the totals are arrived from using 224,000,000 miles of vehicle travel.

## **APPENDIX ONE**

### **COMMUNITY PARTNERS**



**COMMISSIONERS**

Frank I Gurney  
John M. Keller  
Dan P McClure

Stephen J Peirce  
Jack Rynerson  
Bob Waechter

**EXECUTIVE DIRECTOR**  
Fredrick J Piccolo, A A E



April 15,2002

The Honorable Norman Mineta  
Secretary of Transportation  
United States Department of Transportation  
400 Seventh Street, SW, Room 10200  
Washington, DC 20590

Dear Secretary Mineta:

The Aviation Investment and Reform Act of the 21<sup>st</sup> Century (AIR-21) established the Small Community Air Service Pilot Program designed to help smaller communities enhance access to the national air transportation system. The Sarasota Manatee Airport Authority has an application under the pilot program. The Authority operates the Sarasota Bradenton International Airport and represents all the citizens of that two county area. In the "Notice of Order Soliciting Community Proposals," under the AIR-21 authority, the Department noted that "program funding is intended to improve air service to those communities that are not receiving sufficient air service or experiencing unreasonably high fares."

Unfortunately, ~~Sarasota~~ Bradenton International Airport ~~has~~ experienced some of the worst declines in air service over the last decade of any airport in the United States. In addition, fare levels from Sarasota/Bradenton to most major cities in the United States are significantly higher than at other airports. During a decade when the population of Sarasota and Manatee Counties is increasing by 20.5% the airport is experiencing the following:

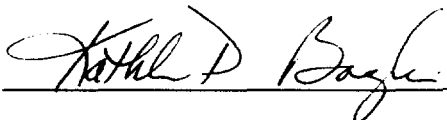
- Decreasing passenger traffic, **41.9%** between 1990-2001.
- Decreasing passengers totals of 838,135 between 1990-2001
- Decreasing daily air carrier operations, 77.9% since 1990
- Decreasing commuter operations, 53.8% since 1990.
- Decreasing service of non stop cities served, by 77.3%
- Decreasing passenger traffic in 2001, 22.1% prior to 9/11
- Decreasing passenger traffic in 2002 an additional 18% to date
- Downgrading of Northwest Airlines service from year round service to seasonal
- Cessation of service to the community by Charter carriers, Sun Country, Southeast Airlines, Canada 3000, and Air Transat. (56,000 passengers) in the last year
- Loss of five (5) major air carriers
- Loss of three airlines in the last two years, TWA, AA Eagle, US Express

To help expand service, the Airport Authority has created a civic/business support group and has an air carrier commitment to this partnership. While the partnership will develop funding and public support for the new service, it is essential that Sarasota Bradenton be included in the Department's pilot program.

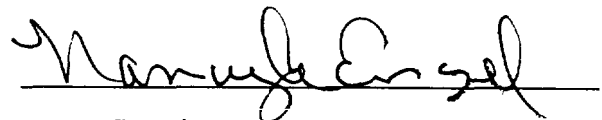
We are writing in strong support of the community's application and request that every possible consideration is given to their situation. Your review of this request is greatly appreciated.

Sincerely,

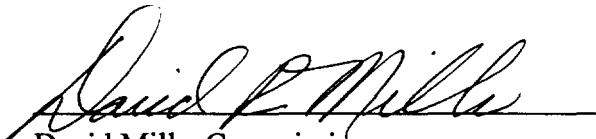
MEMBERS OF THE SARASOTA BRADENTON INTERNATIONAL AIRPORT ADVISORY COMMISSION:



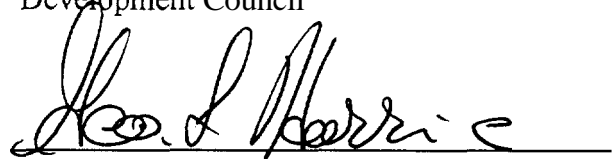
Kathy Baylis, **AAC** Chairman  
Executive Director, Sarasota Committee for  
Economic Development



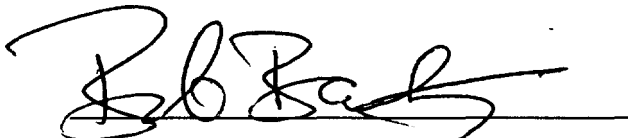
Nancy Engel, AAC Vice Chairman  
Executive Director, Manatee Economic  
Development Council



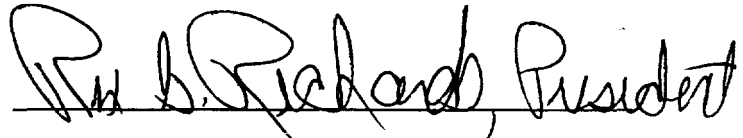
David Mills, Commissioner  
Sarasota County Government



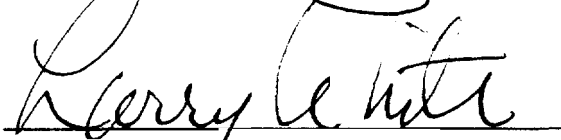
George Harris, Commissioner  
Manatee County Government



Bob Bartz, President  
Manatee Chamber of Commerce



Rex Richards, President  
Sarasota Chamber of Commerce



Larry White, Executive Director  
Bradenton Area Convention & Visitors Bureau





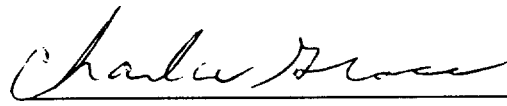
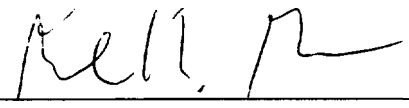
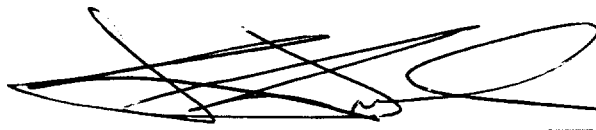
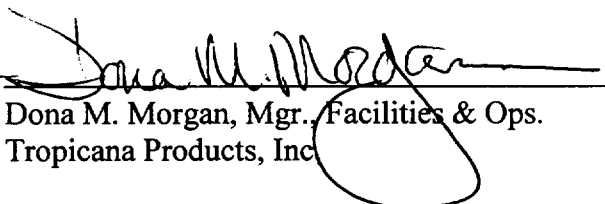
Virginia Haley, Executive Director  
Sarasota Convention & Visitors Bureau



Patricia Caswell, Executive Director  
Sarasota County Arts Council



Carl Keeler, President  
Arts Council of Manatee County

  
\_\_\_\_\_  
Jorge R. Jorolco International Ventures  
Jorolco International Ventures  
\_\_\_\_\_  
Richard Dungan  
At Large Member, Manatee County  
\_\_\_\_\_  
Charlie Grace  
ManaSota League of Cities  
\_\_\_\_\_  
Karl K. Grass  
Arthur Andersen LLP  
\_\_\_\_\_  
Kerry Kirschner, Executive Director  
Argus Foundation  
\_\_\_\_\_  
Dona M. Morgan, Mgr. Facilities & Ops.  
Tropicana Products, Inc

cc: The Honorable Michael Jackson  
Deputy Secretary  
United States Department of Transportation  
400 Seventh Street, SW, Room 10200  
Washington, DC **20590**

Read **Van** de Water  
Assistant Secretary for Aviation &  
International Affairs  
United States Department of Transportation  
400 Seventh Street, SW, Room 10232  
Washington, DC **20590**

Fredrick J. Piccolo, AAE  
Executive Director  
Sarasota Manatee Airport Authority  
6000 Airport Circle  
Sarasota, FL **34243**

## **APPENDIX TWO**

### **LETTER OF INTENT**

\_\_\_\_\_

**April 15, 2002**

\_\_\_\_\_

The Sarasota Manatee Airport Authority, representing the two county community of Sarasota and Manatee Counties has submitted an application to the U.S. Department of Transportation for a grant under the Small Community Air Service Pilot Program. [REDACTED] supports the application of the airport and their community and commits to the following if the Department approves their grant application.

3). The Sarasota Manatee Airport Authority will permit [REDACTED] to participate in the Airline Fee Waiver Program whereby \$9.00 of airport fees are waived for every enplaned passenger boarded by the airline for new service for a period of 12 consecutive months provided the service is offered for sale no later than December 31, 2002.

5). The revenue guarantee would be based on minimum revenue per block hour, by market and would be paid if there is a revenue shortfall between actual revenue and the agreed block hour rate. The revenue shortfall in actual revenue versus this guarantee block hour rate, calculated on a cumulative weekly basis (MO-SU) for all services.

6). [REDACTED] will provide a weekly report on actual block hours and actual revenues for each operation and estimated cumulative weekly shortfall, if any. The settlement of the shortfall will occur on a monthly (4-week) basis.

7). [REDACTED], in conjunction with the SMAA would utilize the grant funds and local funds to exclusively market the service at SRQ both locally and from inbound markets. All cooperative advertising will be purchased by [REDACTED], and invoiced to Sarasota Manatee Airport Authority. Use of logos and corporate names will be with mutual consent.

8). Revenue guarantees grant funds and advertising grant funds will be for a period of not less than **12** months or until the funds are depleted whichever comes first. Provided grant funds are available, this agreement can be extended for up to 12 months by mutual agreement.

This Letter of Intent is provided to demonstrate to the Department of Transportation, substantial interest in establishing a level of service to the Sarasota and Manatee County market

[REDACTED]

Executed this 14th day of April, 2002.

[REDACTED]

Vice President - Planning

## **APPENDIX THREE**

### **CITY PAIRS SRQ TOP 25**

**SRQ'S TOP 25 MARKETS - RANKED BY TOTAL PASSENGERS  
YEAR ENDING 4TH QUARTER 2000 \***

RANK	AIRPORT (STATE)	CITY CODE	NONSTOP MILES	ANNUAL PAX	ANNUAL REVENUES	AVERAGE FARE	YIELD /CPM	PAX /DAY
1	NEW YORK/NEWARK INT'L (NJ)	EWR	1,034	91,990	\$13,578,590	\$148	14.00	252
2	INDIANAPOLIS INT'L (IN)	IND	876	74,600	\$7,825,510	\$105	11.70	204
3	CHICAGO-MIDWAY (IL)	MDW	1,035	69,960	\$8,098,340	\$116	11.17	192
4	BOSTON LOGAN INT'L (MA)	BOS	1,220	50,660	\$6,522,380	\$129	9.47	139
5	ATLANTA/HARTSFIELD ATLANTA INT'L (GA)	ATL	445	43,970	\$6,940,048	\$158	34.75	120
6	CINCINNATI/NORTHERN KENTUCKY INT'L (OH)	CVG	812	41,820	\$5,102,990	\$122	14.56	115
7	DETROIT METROPOLITAN WAYNE COUNTY (MI)	DTW	1,023	40,960	\$5,974,411	\$146	13.99	112
8	NEW YORK/LA GUARDIA (NY)	LGA	1,047	40,210	\$5,116,490	\$127	10.93	110
9	MINNEAPOLIS/ST. PAUL (MN)	MSP	1,343	33,500	\$4,383,410	\$131	9.47	92
10	CHICAGO O'HARE INT'L (IL)	ORD	1,050	32,910	\$5,002,990	\$152	13.57	90
11	CLEVELAND HOPKINS INT'L (OH)	CLE	967	31,940	\$4,244,140	\$133	13.22	88
12	HARTFORD BRADLEY INT'L (CT)	BDL	1,147	31,360	\$3,915,160	\$125	9.92	86
13	PITTSBURGH INT'L (PA)	PIT	913	27,750	\$3,257,470	\$117	12.53	76
14	BUFFALO-NIAGARA INT'L (NY)	BUF	1,093	27,550	\$2,959,210	\$107	9.43	75
15	DAYTON INT'L (OH)	DAY	867	24,900	\$2,568,500	\$103	11.27	68
16	PHILADELPHIA INT'L (PA)	PHL	956	24,550	\$3,441,450	\$140	13.33	67
17	WASHINGTON/RONALD REAGAN WASHINGTON NAT'L (DC)	DCA	851	23,810	\$2,931,340	\$123	12.60	65
18	CHARLOTTE/DOUGLAS INT'L (NC)	CLT	548	23,750	\$3,071,720	\$129	22.02	65
19	COLUMBUS/PORT COLUMBUS INT'L (OH)	CMH	868	23,440	\$2,504,710	\$107	11.51	64
20	ST. LOUIS/LAMBERT-ST. LOUIS INT'L (MO)	STL	903	23,130	\$3,023,370	\$131	14.05	63
21	PROVIDENCE THEODORE FRANCIS GREEN STATE (RI)	PVD	1,172	19,770	\$2,344,420	\$119	9.08	54
22	MILWAUKEE/GENERAL MITCHELL INT'L (WI)	MKE	1,114	19,000	\$2,425,040	\$128	10.95	52
23	KANSAS CITY INT'L (MO)	MCI	1,079	18,380	\$2,257,660	\$123	9.97	50
24	ALBANY COUNTY (NY)	ALB	1,167	18,040	\$2,124,670	\$118	9.15	49
25	DENVER INT'L (CO)	DEN	1,530	16,200	\$2,734,210	\$169	9.94	44

TOTAL FOR TOP 25 MARKETS  
TOTAL FOR ALL MARKETS  
PERCENT IN TOP 25 MARKETS

874,150	\$112,348,229
1,354,160	\$181,909,260
65%	62%

\* Source:  
DATA BASE PRODUCTS, INC.  
131, 2ND, 3RD & 4TH QTR. 2000



## **APPENDIX FOUR**

### **DAILY NON-STOP MARKETS**

	<b>Daily Nonstops In Top 25 US Markets</b>			
	<b><i>Destination</i></b>	<b><i>SRQ</i></b>	<b><i>TPA</i></b>	<b><i>MCO</i></b>
	ATL	7	21	23
	ORD	None	9	11
	LAX	None	2	4
	DFW	None	9	10
	SFO	None	None	1
	DEN	None	2	5
	PHX	None	2	2
	LAS	None	2	1
	DTW	2	9	11
	EWR	2	6	11
	MSP	None	5	5
	MIA	4	26	32
	IAH	None	5	6
	JFK	None	6	10
	STL	None	5	9
	SEA	None	None	None
	BOS	None	2	10
	LGA	None	7	10
	PHL	None	8	11
	CLT	2	9	9
	CVG	3	5	5
	PIT	None	7	8
	BWI	None	6	8
	IAD	None	3	7
	SLC	None	None	2
	Elapsed Time to MSP 4hrs 57mins via ATL on DL			
	Elapsed Time to SEA 7hrs 49mins via ATL on DL			

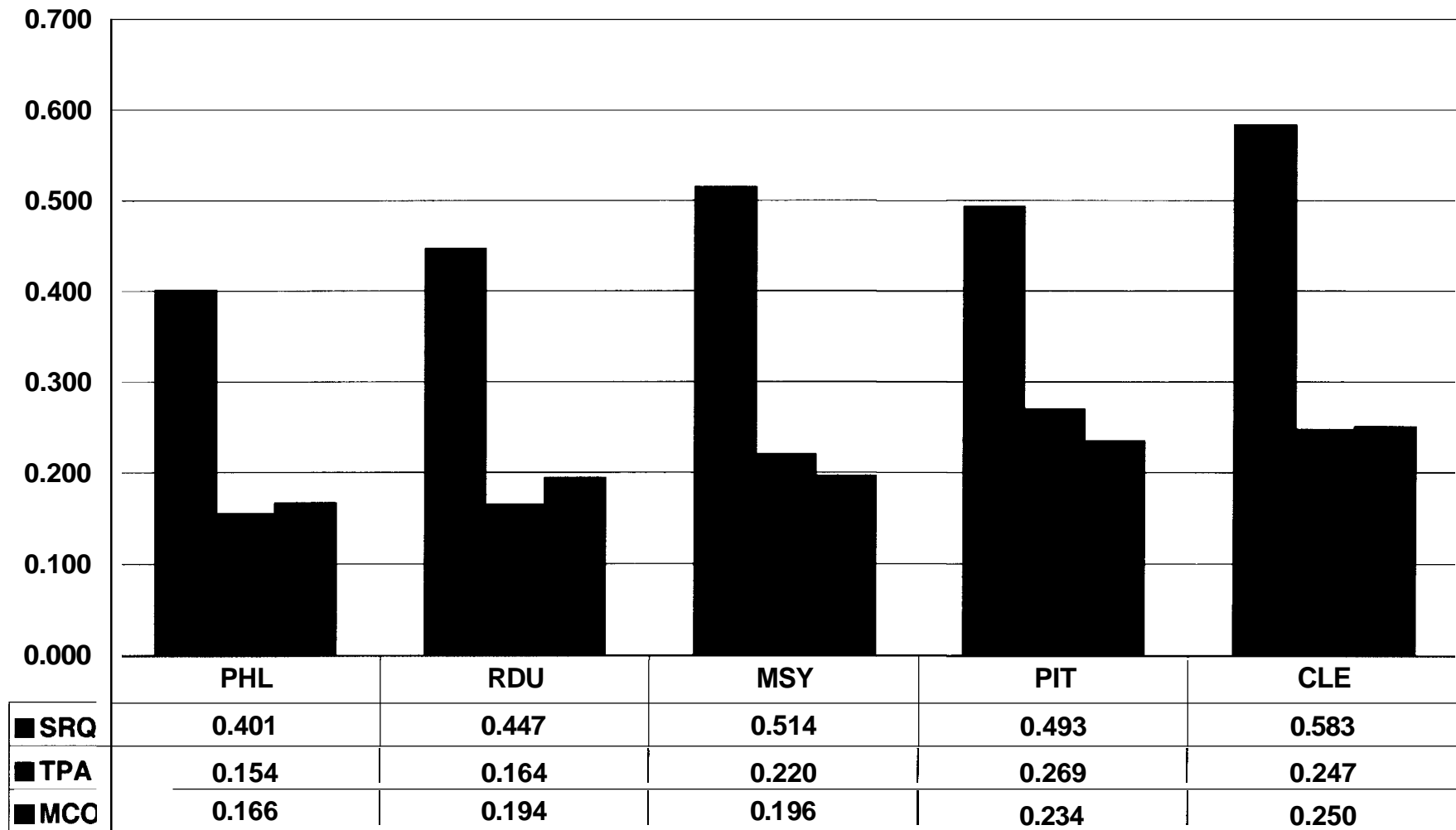
## **APPENDIX FIVE**

### **FARE/YIELD COMPARISONS**

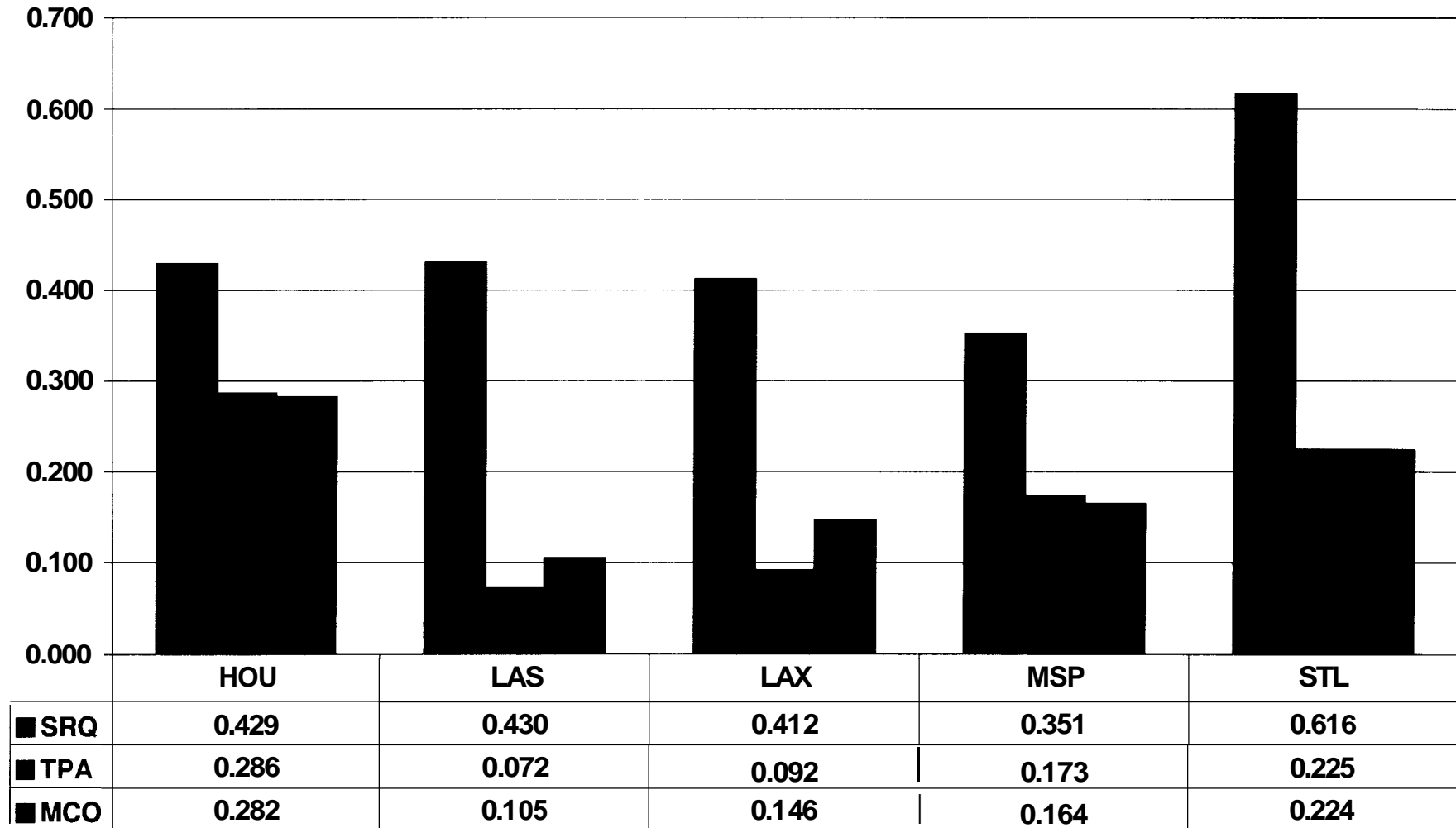
**March, 2002**

	Fares	SRQ	TPA	MCO		Mileage	SRQ	TPA	MCO
	HOU	675.36	446.38	476.28		HOU	1576	1560	1690
	LAS	1715.34	283.72	426.04		LAS	3992	3960	4060
	LAX	1784.18	394.4	645.58		LAX	4330	4306	4416
	MSP	943.26	452.1	427.9		MSP	2686	2616	2606
	STL	1114.42	390.7	390.7		STL	1808	1740	1748
	PHL	767.44	283.72	283.72		PHL	1914	1842	1710
	RDU	559.07	193.49	204.66		RDU	1252	1178	1056
	MSY	514.42	213.96	213.96		MSY	1000	974	1092
	PIT	900.46	470.69	386.97		PIT	1826	1748	1652
	CLE	1129.3	459.54	444.66		CLE	1938	1860	1778
	BNA	316.28	269.77	260.46					
	NYC	298.6	281.86	227.91					
	DCA	340.47	315.81	290.24					
	DEN	1400	1328.36	742.32					
	Yields	SRQ	TPA	MCO					
	HOU	0.429	0.286	0.282					
	LAS	0.430	0.072	0.105					
	LAX	0.412	0.092	0.146					
	MSP	0.351	0.173	0.164					
	STL	0.616	0.225	0.224					
	PHL	0.401	0.154	0.166					
	RDU	0.447	0.164	0.194					
	MSY	0.514	0.220	0.196					
	PIT	0.493	0.269	0.234					
	CLE	0.583	0.247	0.250					

## Sarasota Yields To And From Eastern Destinations Are Higher Due To Low Fare Carriers At Nearby Airports



## Yields To And From The Western US Can Be Five Times Higher Than From Nearby Airports



## **APPENDIX SIX**

### **AIR SERVICE DEFICIENCY STUDY**

**Project Report**

# **Air Service Blueprint & Market Plan**

**Prepared for**

**Sd**



**Prepared By**

***The Boyd Group/ASRC, Inc***  
***Aviation Consulting, Research and Forecasting***

78 Beaver Brook Canyon Road Evergreen, Colorado 80439  
(303) 674-2000 Fax (303) 674-9995 [www.aviationplanning.com](http://www.aviationplanning.com)  
July 2001





### ***III. SRQ Air Service Realities***

Sarasota Bradenton International Airport faces the following market realities:

- ➔ It is located in the middle of a strong, growing economic region.
- ➔ It has a strong *local* economic base.
- ➔ Currently it has air service levels that are far below those of TPA and RSW, the other two airports serving the region. Shifts in airline strategies over the past decade have resulted in Tampa and Fort Myers both gaining proportionately higher levels of new service than SRQ.<sup>2</sup>
- ➔ It has no facility challenges. The airport can immediately handle expanded air service.

Based on shifts projected in the airline industry, SRQ can become a stronger part of the air service access picture in this region.

Air service recruitment is not a simple matter of just telling airlines that there is traffic at SRQ. Instead, they need to be convinced that SRQ is a *better* use of their scarce resources than where they are using them today.

---

<sup>2</sup> These are not due to failures on the part of the airport, or weaknesses in the economic base of Sarasota-Bradenton.

## The Concept of "Co-Terminals"

*In reality, this is one region served by three airports.*

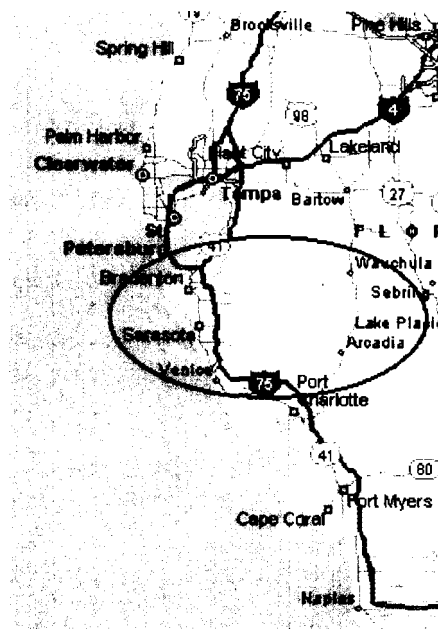
*The goal is to assure that SRQ grows as a strong access point to the central part of this region*

In a wider perspective, this is a single region served by three airports, each with "core" service areas that overlap. SRQ and TPA overlap and SRQ and RSW overlap depending on the needs and travel intent of specific consumers.

The proximity of the three airports and the varying nature of the air service at each,<sup>3</sup> makes it difficult to accurately state the true catchment area of Sarasota Bradenton International Airport, or, for that matter, those of Tampa or Fort Myers.

Because of ease of access to the three airports, the reality is that they are *co-terminals* to the region.

This is a dynamic seen all around the nation. The Los Angeles basin has a number of co-terminals, including LAX, Burbank, Long Beach, and Ontario. In Colorado, Denver and Colorado Springs are evolving as a stable co-terminal system serving a fast growing population corridor.



Even smaller airports are benefiting from this trend. Flint is now a rapidly growing access point to parts of the Detroit Metroplex, as is Akron/Canton to the Cleveland region.

The point here is that Sarasota Bradenton International is an important part of the region's infrastructure, and as such it can fill a much larger role (in terms of passenger enplanements) than it does today.

## The Issue of "Service Level Inequality"

To be sure, TPA to the north and RSW to the south have bracketed SRQ. The entry of relatively high levels of low fare

<sup>3</sup> Specifically, the high levels of "low fare" service at Tampa and Fort Myers.

service at those airports is a natural draw for passengers within the core SRQ service area.

As will be noted in a subsequent section, these increases in service at TPA/RSW have essentially eliminated enplanement growth at Sarasota Bradenton International over the past five years. Overall in that period, traffic generation in the region has exploded by almost 34%, with the growth going mostly to TPA and RSW.

The Boyd Group/ASRC would submit that this is a serious challenge for SRQ, but not an insurmountable one. Across the United States there are examples of huge shifts in air service that have both built traffic and, at some airports, have decimated traffic, depending on location and specific circumstances. These have been due mostly to fundamental changes in airline economics and corporate strategies.

### Core Service Area & Traffic Capture

By its location, it is clear that SRQ is the *primary* airport for consumers in the following counties: Sarasota, Manatee, DeSoto, and Hardee. This represents a core service area population base of approximately 628,000.

Air passenger traffic capture levels at a given airport are the result of a range of factors that are affected by fares, airline strategies, type of service, and frequency of flights, to name a few.

*Access to SRQ is more "difficult" from many areas of the nation than to TPA or RSW.*

*This is in part due to limited connecting hub access at SRQ.*

As one example, consumers in the immediate SRQ service area traveling to London will likely drive to Tampa to access British Airways' nonstop flights. On the other hand, a business traveler to Syracuse is far more likely to use SRQ, as the service levels are fairly equal in terms of fares and convenience compared to TPA.

### Defining SRQ Service Challenges

Sarasota Bradenton International Airport today has far *less* service than its population is capable of supporting. As will be discussed in a subsequent section, substantial parts of the

core service area passenger base find it necessary to use either RSW or TPA.<sup>4</sup>

Furthermore, service gaps are obviously causing substantial portions of its consumer base to use other airports.

### Identifying Specific Service Objectives

To accurately focus air service development efforts, it is necessary to *very specifically identify the service shortfalls that must be resolved*.

The Boyd Group/ASRC would point to five major air service challenges that must be addressed at SRQ. These are:

- ➔ **Limited Hubsite Access**
- ➔ **No Access To A Western Hubsite**
- ➔ **Limited East Coast Metro Service**
- ➔ **Limited "Low Fare" Service**
- ➔ **Limited Seat Capacity**

These are not "ranked" in order of importance. All are equal in terms of criticality.

### The Issue of Hubsite Access

The most important factor in generating new air traffic and recapturing the existing leakage is ease of access to the rest of the air transportation system. That means a range of choices in access points to and from SRQ.

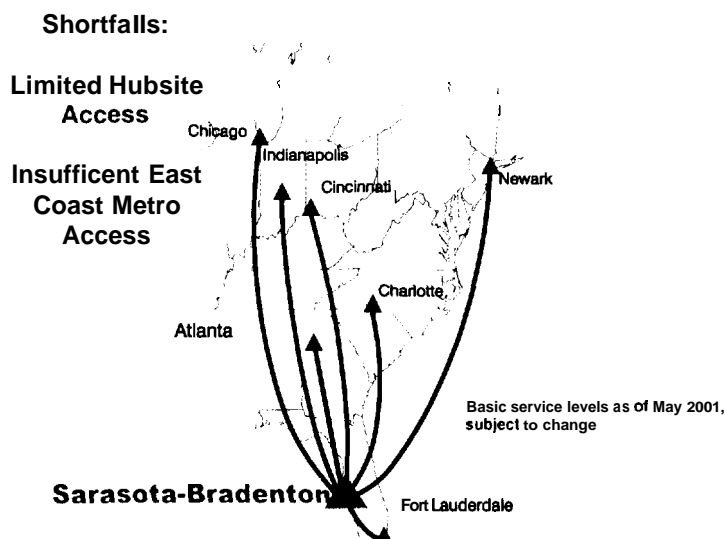
The US air transportation system is based on a hub-and-spoke system. Therefore, the more hubsites to which an airport has service (via the carrier doing the hubbing) the better the access level to the rest of the world.

---

<sup>4</sup> This can be easily projected by population to enplanement ratios. What is important, however, is not to define the leakage, but instead to identify where actions can be taken to recapture more of the traffic generated in the SRQ service area.

With the notable exception of some key East Coast cities, the majority of major metro areas have airports where at least one airline has established a connecting-hub operation.<sup>5</sup> In fact, the 29 largest airline connecting hub operations are located at metro areas that generate nearly half of all US O&D passenger traffic.<sup>6</sup>

The number of connecting hubs to which an airport has service is critical to maintaining competition and traffic capture. Having access to many such connecting hubs does not guarantee low fares, but it does provide some competitive fare discipline in the marketplace. More importantly, it allows consumers more choices.



Lack of service to a wider range of hubsites is currently a weakness at SRQ. Sarasota Bradenton International Airport today has access to only three meaningful connecting hub airports. These are Atlanta/Delta, Cincinnati-Northern Kentucky/Delta, and Charlotte/US Airways.<sup>7</sup>

Furthermore, the airport has virtually no service to a true western-US hubsite. Consumers in California, for example

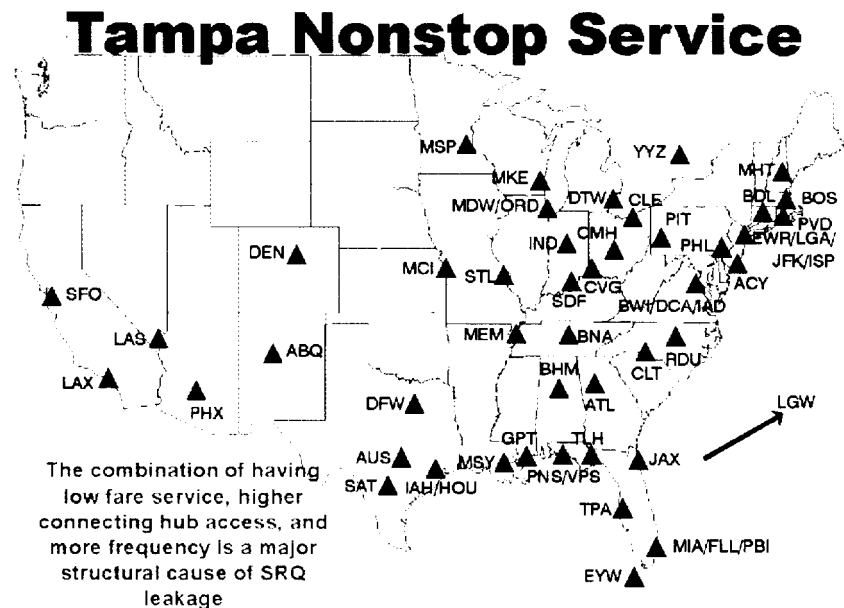
<sup>5</sup> No airport by itself is a "hub," as it takes an airline to dedicate resources at such an airport, for the specific purpose of interconnecting passengers between aircraft. For this reason we refer to such airports as "hubsites."

<sup>6</sup> Source: Airports:USA traffic forecasts, researched and published by The Boyd Group/ASRC.

<sup>7</sup> This is not to discount Continental's service to its Newark hub. However, due to the geographic location of that airport, the connectivity to major parts of the nation is not particularly extensive.

must connect to SRQ via circuitous routings over CVG, ATL, or CLT. This by itself is a factor that would encourage use of TPA. What this means in the real world is that many consumers may find it easier to fly to TPA or RSW to access Sarasota Bradenton.

Tampa's much higher levels of air service are and will be a factor that keeps drawing passengers from the SRQ service area.



When the nonstop-served markets at TPA are compared to those of SRQ, the challenge becomes more clear. While it is not possible to match the service levels at TPA, there are improvements that can be achieved.

Conclusion: A major objective must be to gain service to additional connecting hubs. While beneficial, it is not critical that such service necessarily be "low-fare." Ease of access to SRQ is currently a major problem that must be addressed.

#### East Coast Metro Access

There is a strong community of travel interest between the Northeast and Florida. Therefore, having easy (read: nonstop) service from major metro areas such as New York, Boston, and Philadelphia is important to SRQ traffic levels.

Currently, only Continental offers service on a nonstop basis to this region, with daily flights to Newark.

Again, this means that consumers in Boston, Philadelphia, Washington, and parts of the New York metro area who are bound for Sarasota Bradenton can more conveniently fly nonstop to TPA and rent a car, rather than have to make connections to get to SRQ.

Conclusion: Additional nonstop lift to these East Coast points must be pursued. This will not be particularly easy. While SRQ has strong traffic to these points, current events in the airline industry point to decreasing interest in entering what can be low-yield markets. Regardless, this must be pursued.

#### Limited "Low Fare" Service

To the north, Tampa has what is considered "low fare" service to several destinations with flights operated by jetBlue, Southwest, MetroJet, and Delta Express. RSW has these carriers as well, with the exception of Southwest.

SRQ has some service operated by ATA, but this does not compare to the levels of discount seats offered from TPA and RSW.<sup>8</sup>

Conclusion: It has always been obvious that SRQ needs and can support additional low-fare service, either by additional capacity from existing carriers, or by new-entrant carriers. While Southwest is already in Tampa, continuing the airport's prior (and quite aggressive) efforts to recruit that carrier should continue.<sup>9</sup>

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<sup>8</sup> The Boyd Group/ASRC believes that there will be decreased emphasis by major carriers in the next 18 months in trying to capture such traffic. It is possible that US Airways' low-fare MetroJet experiment may be discontinued. At Delta, a recent pilot labor agreement combined with higher fuel and other costs for operation of 737-200s may eventually eliminate Delta's low fare "Express" operation.

<sup>9</sup> It is noted that while beneficial, not having Southwest does not make an airport second-class. While Southwest can attract strong passenger numbers, it does not lower fares to all destinations, and in some cases can result in other carriers leaving the market.

### Capacity

When the population base in the core SRQ service area is reviewed along with projected traffic generation, it becomes clear that one reason for leakage is that there is insufficient capacity (which is a function of the number of flights and aircraft used) to meet local demand.

Intuitively, most consumers would think that since SRQ is underserved in terms of seat capacity, airlines would naturally just add service. Unfortunately, it does not work that way. In the airline business, the scorecard is not more passengers, but instead improvement in the ratio between costs and revenues.

In short, the lack of capacity is one that affects SRQ far more than the airlines serving the airport.

Carriers need to be made aware that there is strong, immediate traffic available with the addition of more capacity. This is a strong selling point to carriers that currently do not serve SRQ. For them, the market can provide high load factors at acceptable fares quickly.



## ***N. Project Findings***

In this project, we have come to a number of conclusions that will affect how the airport may wish to proceed with its marketing efforts.

- ➔ The SRQ core market area generates approximately 1.79 million enplanements annually.
- ➔ It is estimated that 1.1 million passengers from the SRQ core service area now use other airports, principally TPA and RSW.
- ➔ Of that leakage, airline industry realities indicate that approximately 400,000 of these lost annual enplanements are "recapturable." This would result in a potential increase of over **50%** in SRQ enplanements.
- ➔ Fare availability is a major problem. The range of fares offered at SRQ are relatively in line with other airports. The problem is that because of lack of sufficient capacity, low fares are much less available at SRQ.
- ➔ While traffic generation has grown dramatically in the region, corporate decisions on the part of airlines have resulted in most of that growth manifesting at TPA and RSW.

### **Fare Issues**

Any fare comparison between airports is at best a snapshot that reflects a moment in time.

***While fares will vary day-to-day, the real issue at SRQ is seat capacity and fare availability.***

This is because fares change almost daily and are quite fluid. Furthermore, these data are affected also by variances in capacity and flight frequency. While a specific discount fare at SRQ may be the same as at TPA, the larger airport may have far more seats by virtue of having more flights and/or larger aircraft.

However, it is of value to at least get an idea of the fares charged at SRQ compared to other airports.

In this analysis, we compared two general categories of fares to key destinations. The fares are expressed on a per-mile basis.

- ➔ **Business fares** are those booked for travel three days out, with a return within **24** hours.
- ➔ **Leisure fares** are those booked **21** days out, with a Saturday night stay before returning.

This is not to represent an all-encompassing representation of fares at SRQ, but instead a general overview.

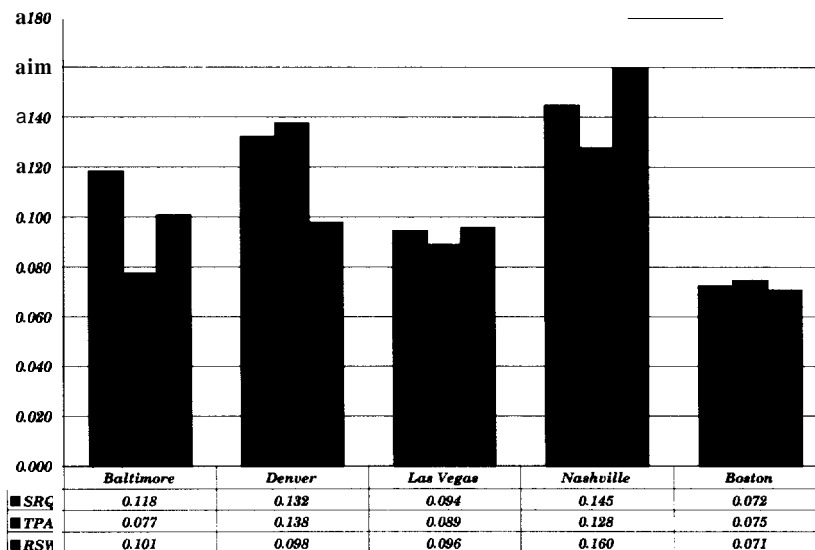
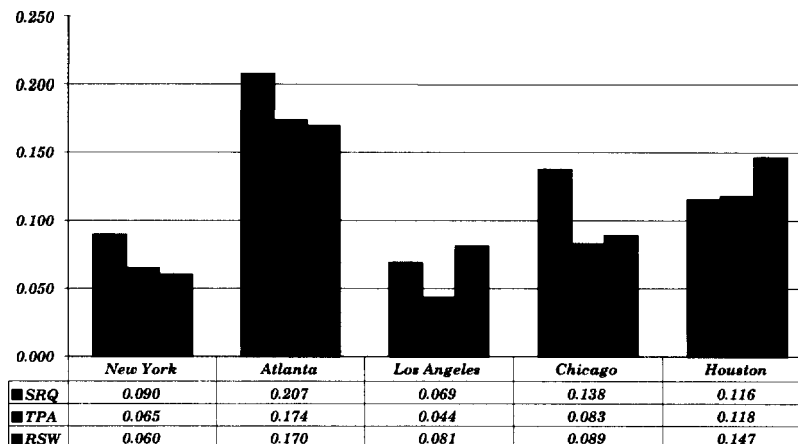
## Leisure Fares

Leisure fares in general are higher to key destinations. In addition, the availability of such fares is likely lower at SRQ due to lower capacity offered.

*These comparisons are for illustrative purposes only.*

*Fares change daily and are affected by a wide range of factors.*

### Leisure Fares



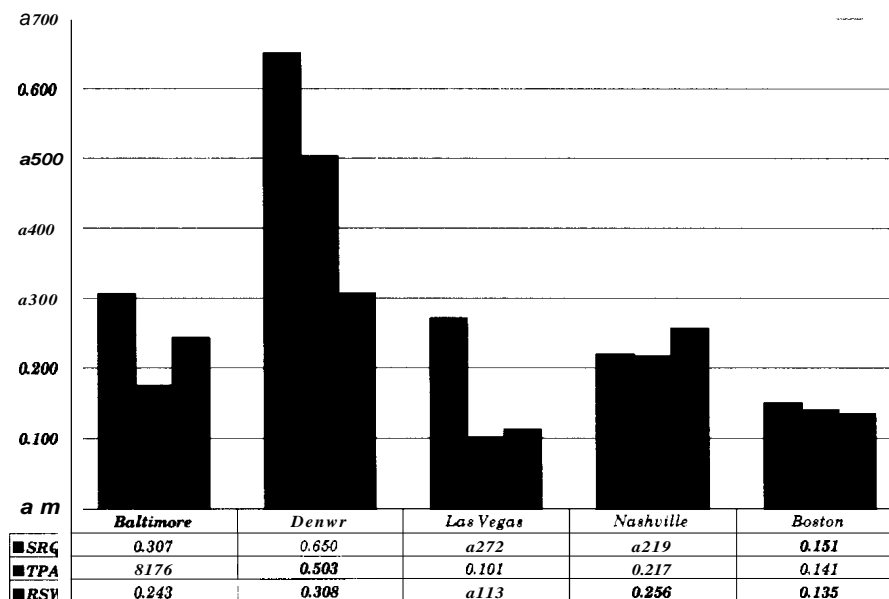
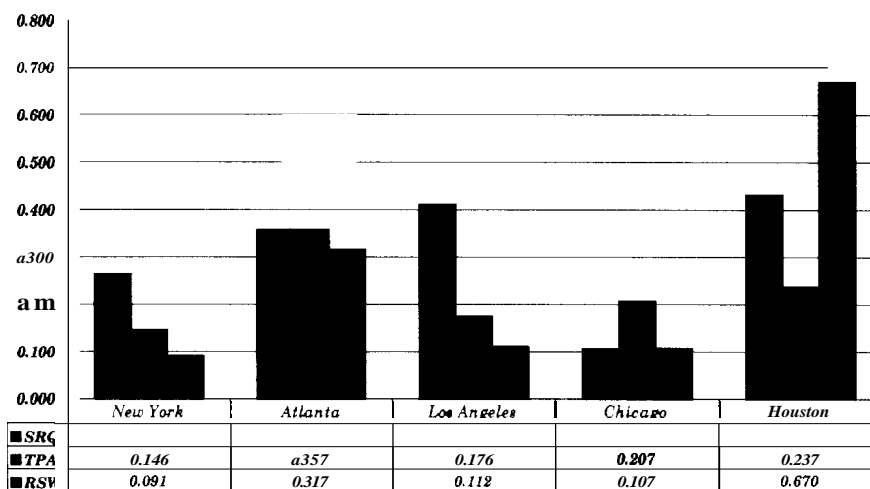
Expressed on a per-mile basis, this snapshot would indicate that for the leisure traveler, the fares offered at SRQ are somewhat higher. What this illustration does not reflect, however, is the lower levels of capacity at SRQ, and the fact that such travel often requires a connection. In many of these markets, nonstops are offered from TPA and RSW.

## Business Fares

A similar situation is reflected when airline pricing is reviewed for what would be typically business travel.

### *Business Fares*

*Even if fares are the same in some markets, higher capacity and nonstop service from TPA or RSW will still draw passengers away from SRQ.*

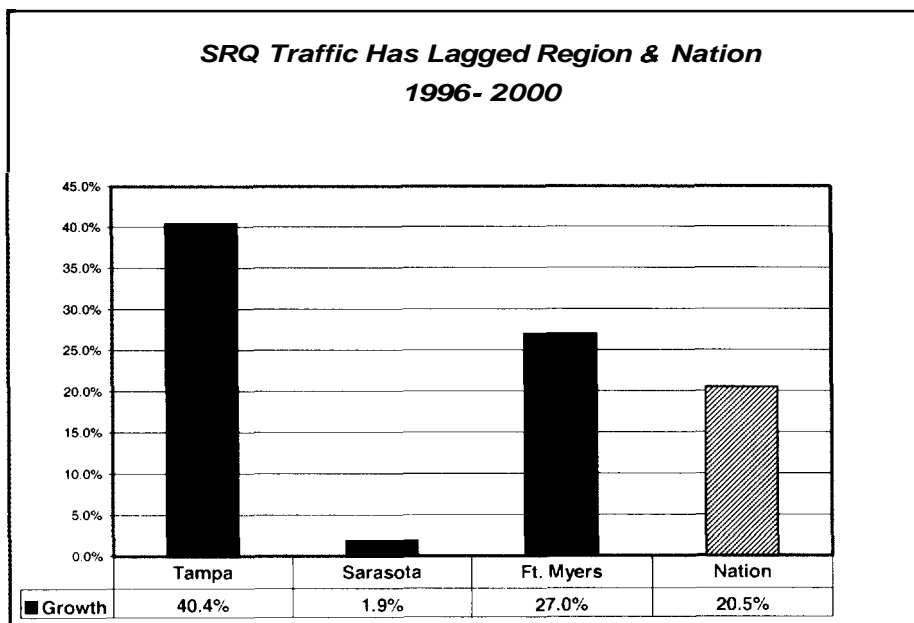


Again, the proximity of nonstop service at TPA and RSW would tend to draw some business travelers away from SRQ, fare equality notwithstanding.

## The SRQ Traffic History

It is clear that SRQ is not capturing all of the traffic that is generated within its "core" service area of 628,000 population.

*More people are using TPA and RSW because there are more seats and nonstop service from those airports.*



There are several clear indications. One is the fact that while the region's traffic as a whole grew 34% between 1996 and 2000, SRQ traffic was essentially stagnant at less than 2% growth.

Because the economy of the region, including Sarasota Bradenton, has been strong, it is clear that the reason for this lack of growth has been due to subjective strategic decisions on the part of airlines serving the region.

In particular, the entry of Southwest and other low fare carriers at Tampa, as well as low fare airline entry at RSW has re-oriented passenger traffic patterns to favor those airports.

To recapture and build enplanements at SRQ, it is clear that a top priority must be to increase frequency and capacity, which will affect fare levels.

## Determining True SRQ Traffic Generation

In preparing an Air Service Development Blueprint, it is important to determine whether there is traffic available for additional air service. Airline planners want to put service where it can provide the highest returns with the least competitive risk.

To market to carriers, several areas must be defined:

- ➔ **The level of traffic generation**, i.e., the number of annual passengers, that is developed within the core service area of Sarasota Bradenton International Airport. If the traffic generation appears substantially higher than current enplanements, that is a strong selling point for new service.
- ➔ **The amount of leakage, by key destination, that is lost to other airports.** If there is substantial traffic lost, for example, to Southern California, the target would logically be American (to its DFW hub) or Continental (to IAH). On the other hand, high levels of lost traffic to the Northeast would indicate US Airways (via CLT, PHL, PIT, or even nonstop) would be a target.
- ➔ **Which segments of the leakage can be recaptured and which cannot.** Some traffic stratas are not attractive to some carriers. For example, Baltimore represents strong leakage from SRQ to TPA because of Southwest Airlines. Most carriers would not be interested in trying to capture this low-fare leakage.
- ➔ **Determining target airlines.** Based on those segments deemed "recapturable" make determinations of target carriers to fill those needs. It is important to remember that air service recruitment must be done within the context of airline strategies. It would not be fruitful to ask US Airways to add service to Dallas/Ft. Worth (where it has little presence) or to try to convince Northwest to implement nonstops to Philadelphia.

*Leakage isn't the real issue.*

*Defining what portions can be recaptured is critical to defining air service marketing plans.*

## Core Service Area Population

In this project, we determined the *core* service area of SRQ to be approximately **628,000** population. This would be defined as that area where consumers would consider SRQ as their primary airport in the absence of extraordinary factors. Such extraordinary factors that would cause this population to use other airports are typically much lower fares and/or much higher levels of service.<sup>10</sup>

SRQ Core Catchment Counties	
Sarasota	316,380
Manatee	261,320
De Soto	27,510
Hardee	22,980
Total	<b>628.190</b>

Furthermore, the clear indications are that generation of traffic is consistent throughout this wider region. In other words, SRQ is not at any income or other economic disadvantage compared to the rest of the region that is served by TPA or RSW. Therefore, the population of the immediate, core service area of SRQ generates traffic at the same ratio (at worst) as the rest of the region.

From this foundation, we prepared projections of the passenger traffic that is generated within the core service area of Sarasota Bradenton International Airport.

<sup>10</sup> Both of which exist and affect consumer preferences in the core area. Population data source: Woods & Poole.

### Traditional Approaches No Longer Effective

*There is a portion of the SRQ market that simply is not part of the airport's real traffic base.*

Historically, traffic generation could be determined by analyses of tickets issued by travel agents, as this was the single largest retail channel for air transportation, and often travel agents were the determining factor for which airlines were used by consumers.

Unfortunately, the channels used to retail airline service have changed fundamentally in the past three years. Major corporations are often using large travel management companies - located in different parts of the country - to manage air travel arrangements. Most importantly, use of the internet to book travel has skewed and marginalized the role of travel agents and as a result has made such ticket lift analyses unreliable.

The Boyd Group maintains a database covering **131** airports representing over 90% of the nation's air traffic. From this database, we have determined enplanement-to-population ratios for the US and for various regions of the country.

In the Southeast region of the US, this ratio is just slightly over **1.1 to 1**, or one enplaned passenger for each person. In the region served by the co-terminals of SRQ, TPA, and RSW, the traffic dynamics are much different because of the resort nature of the area.

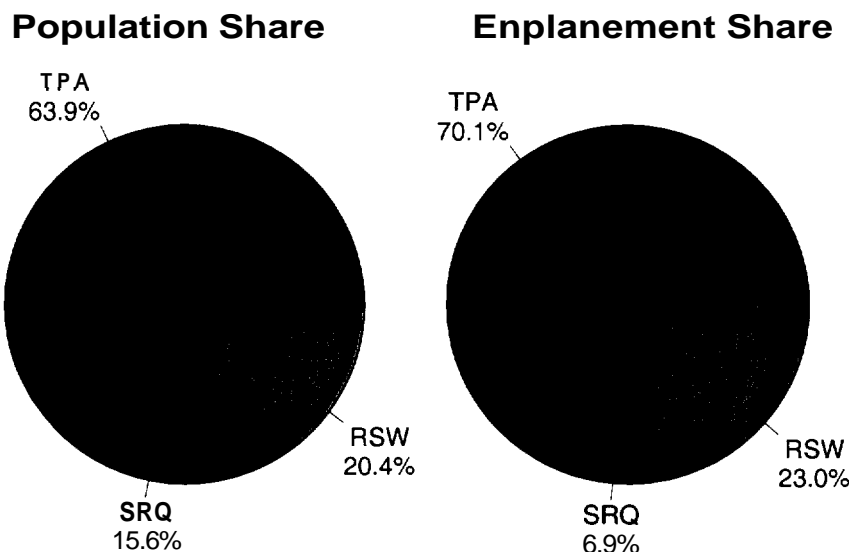


## Determining True Traffic Potential At SRQ

As noted, the assumption was made that the economic and demographic factors in the SRQ service area are equal to those in the entire TPA-SRQ-RSW corridor as a whole.<sup>11</sup>

## Population v Enplanement Variances

*SRQ represents almost 16% of the region's population, but enplanes only a 7% share.*



Year 2000

It is reasonable to assume that air traffic generation in the region is the same on a per-capita basis. Therefore, the SRQ area will generate passenger traffic equal to its share of the population of the region.

	Population	Enplanements	Ratio
TPA	2,567,125	8,036,543	3.13
SRQ	628,190	795,721	1.27
RSW	820,760	2,632,188	3.21
Region	4,016,075	11,464,452	2.85

The population of the region is estimated to be approximately 4.0 million, a base which generates approximately 11.5 million enplaned passengers. Because economic factors in the service area of Sarasota Bradenton are at least equal to

<sup>11</sup> We believe this to be a very conservative approach.

those of TPA and RSW, it is a very conservative projection to estimate that the population of the SRQ core service area would generate the same average passenger to population ratio as the region as a whole, or 2.85 to 1.

This equates to 1.79 million enplanements generated in the SRQ core service area.

Therefore, taking year 2000 enplanements at SRQ of 726,000 and applying it to the total traffic generation in the core area, it is clear that approximately 1.06 million enplanements are lost annually to other airports.

As a reality check, another approach was accomplished by reviewing the *adjusted* O&D projections for the entire region,<sup>12</sup> and applying the SRQ population ratio to each destination. Using this methodology, the result was a projection of approximately 1.1 million in leakage, very similar to the above figure.

**Two  
methodologies  
came to the  
projection of  
leakage in the  
1.1 million  
range.**

---

<sup>12</sup> The Boyd Group/ASRC has a proprietary traffic projection model that adjusts DOT data to compensate for known deficiencies in the reporting process.

## Leakage v Recapture

Determining leakage is one factor. More important, however, is identifying those portions of this leakage that can be recaptured.

*The objective is to isolate those portions of the leakage that can be recaptured*

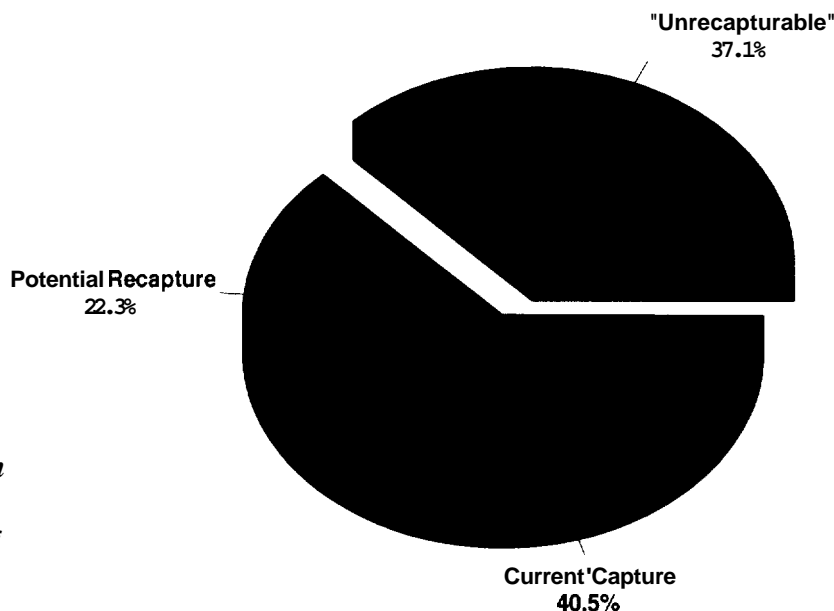
It is a hard reality that the much larger population base of TPA can and will continue to support much higher levels of air service, not to mention continued service by Southwest Airlines. Because of the close proximity to Sarasota Bradenton, this will continue to cause substantial leakage and, barring a major shift in population, this is not going to change. Therefore, it must be understood at the outset that all of this leakage cannot be recaptured.

In fact, some of what we define as "leakage" might never travel at all except for the high levels of low-fare service at TPA. Were such fares not in existence, some consumers would use those same dollars for other discretionary purchases.

In this project, The Boyd Group/ASRC analyzed the service shortfalls at SRQ and the resulting leakage on a market by market basis. This was then related to the current and expected air service structure in the region. The result was a projection of the total leakage recapture potential for SRQ.

This exercise revealed that only about 40% of the current leakage has any chance of being re-captured. In such an instance, SRQ would capture about **63%** of the passengers generated in its core region, with about **37%** still using TPA and RSW.

## SRQ Core Area Traffic Generation



*The potentially recoverable leakage would still equate to an increase in SRQ enplanements of over 50%.*

"Unrecapturable" traffic is that left over after all *reasonable* net-new service potential is considered. In short, these are passengers which, under most circumstances, are still likely to use other airports. This figure is the result of reviewing each potential airline recruitment target and projecting the traffic each would capture. The remainder is considered passenger traffic whose needs or desires cannot be met at SRQ. One example would be the consumer who demands nonstop service to a destination that the traffic base at SRQ cannot support. Those passengers would continue to use TPA or RSW.

This "unrecapturable" traffic is a function of the fact that larger Tampa, and to a lesser extent Fort Myers, are co-terminals to the region. Within that reality, SRQ can certainly increase service levels, but it is not likely to be able to attract service to the wide range of destinations that TPA can support. Because of that reality, some leakage cannot be recaptured.

## V. Top Market Generation

In attracting additional air service, Sarasota Bradenton must be able to identify the markets that hold the best opportunities to a target carrier.

*The low fare leakage will be the most difficult to recapture.*

*It's also the traffic that has the least value to target carriers.*

In this project, we prepared an analysis of the potential O&D demand that the region develops. From that we prepared estimates of the traffic that is currently captured by existing service at SRQ.

Department of Transportation Tables 8 and 10 have serious reporting flaws that often misstate actual traffic flows. The Boyd Group/ASRC has a proprietary traffic generation model that was developed to project more accurate estimates of a market's true O&D generation. Applying this model to reported SRQ enplanements resulted in projections of the top **30** markets' generation on one hand, and the actual SRQ enplanements on the other.

Traffic patterns at a given airport are the result of a number of factors, including the levels of air service offered and fares charged. Therefore, any estimates of O&D by market are vulnerable to changes in the schedule and fare patterns offered at SRQ. Regardless, the analysis does identify clear market needs and clear opportunities for specific carriers.

### Top SRQ-Generated Markets

<b>SRQ Market Generation</b>				
<b>Rank</b>	<b>Market</b>	<b>SRQ Generation</b>	<b>Estimated Leakage</b>	<b>Pcnt Lost</b>
1	NYC	299,436	140,965	47%
2	CHI	181,413	72,856	40%
3	ATL	153,752	87,579	57%
4	BOS	130,003	70,583	54%
5	DTW	120,307	69,503	58%
6	IND	83,868	914	1%
7	WAS	82,791	46,191	56%
8	PHL	80,038	50,360	63%
9	BWI	70,465	54,803	78%
10	BDL	66,653	34,367	52%
11	DFW	62,643	50,354	80%
12	CMH	62,160	32,864	53%
13	LAX	50,480	31,787	63%
14	CLE	49,829	18,899	38%
15	STL	46,350	23,429	51%
16	MKE	45,723	27,931	61%
17	PIT	44,671	17,164	38%
18	LAS	44,419	37,219	84%
19	MSP	43,243	26,930	62%
20	PVD	41,619	21,508	52%
21	MIA	41,002	8,665	21%
22	DEN	37,577	25,784	69%
23	IAH	37,478	32,068	86%
24	BNA	35,841	26,106	73%
25	CVG	33,636	7,198	21%

Not all of this traffic can be recaptured. Furthermore, to some of these destinations, no airline would be interested in attempting service due to the small number of passengers, or due to competitive and fare issues. Therefore triage must be performed on this list to determine those markets with the highest leakage, and within that determination, those markets where there is an airline to which the leakage represents an opportunity.

## Leakage Markets **By Size**

This lists the markets from SRQ in order of raw passengers lost.

<b>SRQ Market Generation</b>				
<b>Rank</b>	<b>Market</b>	<b>SRQ Generation</b>	<b>Estimated Leakage</b>	<b>Pcnt Lost</b>
1	NYC	299,436	140,965	47%
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21	CLE	49,829	18,899	38%
22	PIT	44,671	17,164	38%
23	MIA	41,002	8,665	21%
24	CVG	33,636	7,198	21%
25	IND	83,868	914	1%

In many cases, the traffic losses are due to higher levels of nonstop service at TPA/RSW, or low fare airline service at those airports, or both.

From these data, a service plan matrix was developed to help determine the targets for SRQ marketing efforts.

## **APPENDIX SEVEN**

### **AIR SERVICE SURVEY**





**SARASOTA BRADENTON  
INTERNATIONAL AIRPORT**

\_\_\_\_— A N D —\_\_\_\_

**S M I T H**

ADVERTISING & ASSOCIATES

# Research Findings

# **SARASOTA BRADENTON INTERNATIONAL AIRPORT MARKET RESEARCH STUDY**

## **Purpose of the study:**

- 1) To better understand the needs and expectations of SRQ.
- 2) To determine the amount of leakage from SRQ and the main reasons for using other area airports.
- 3) To find out perceptions about services and ticket prices at SRQ.
- 4) To find out demographic differences between users of SRQ and users of other area airports.
- 5) To determine marketing strategies to increase usage of SRQ by residents.

# SARASOTA BRADENTON INTERNATIONAL AIRPORT MARKET RESEARCH STUDY

## METHODOLOGY

- ✓ Online surveys were sent to Sarasota and Manatee County residents. To increase the participation rate, newspaper advertisements were printed. Respondents that were unable to complete the survey online were sent a hard copy of the survey.
- ✓ Online surveys were sent to Sarasota and Manatee County Chamber of Commerce members.
- ✓ Online surveys were sent to 36 travel agents in Sarasota and Manatee Counties.
- ✓ Visitor and resident intercept studies were conducted at SRQ.

## RESPONSE COMPOSITION

- ✓ 3556 Sarasota and Manatee County residents completed the survey.
- ✓ 366 Sarasota and Manatee County Chamber of Commerce members completed the survey.
- ✓ 12 out of 36 travel agents completed the survey
- ✓ 35 intercept studies were conducted with Sarasota or Manatee County residents at SRQ.
- ✓ 55 intercept studies were conducted with Sarasota or Manatee County visitors at SRQ.

## **SARASOTA BRADENTON INTERNATIONAL AIRPORT MARKET RESEARCH STUDY**

Considering this group as a whole, statements about the Sarasota Bradenton International Airport market research study online survey can be made at a confidence level of 99% and a sampling error of 2.1%, that is:

**“Ninety-nine percent of the time, the results from a survey such as this should differ by no more than 2.1 percent, in either direction, from what would have been obtained by interviewing all selected groups in Sarasota and Manatee Counties that flew by air in the last 24 months.**

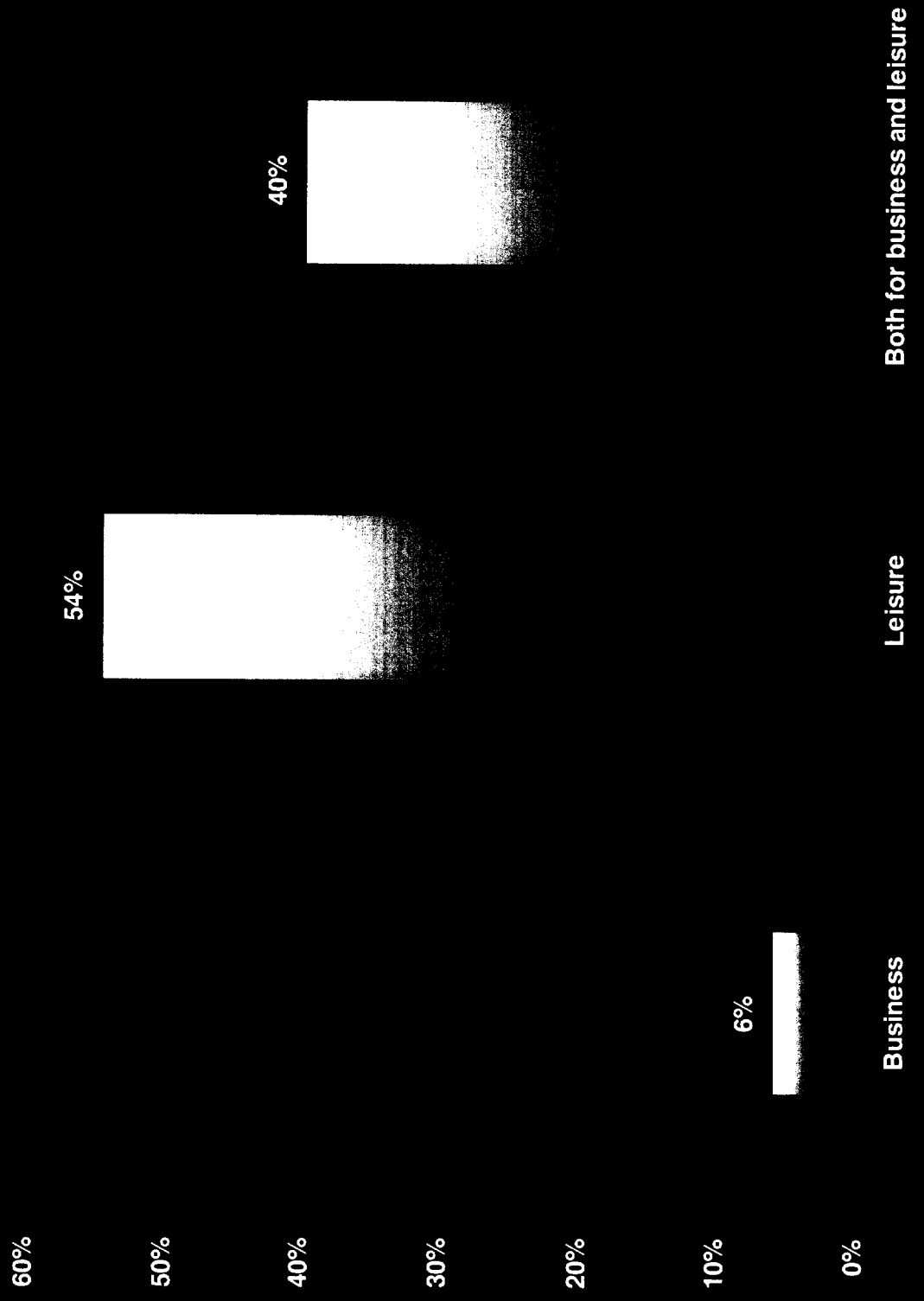
DID YOU TRAVEL BY AIR IN THE LAST 24 MONTHS?

No  
12%



Yes  
88%

# WHAT WAS/WERE THE PURPOSE(S) OF YOUR TRIP(S)?



## DEMOGRAPHIC PROFILES OF TRAVELERS

- 67.5% of business-only, 45.7% of leisure-only, and 63.4% of both business and leisure travelers are male.
- 59.4% of business-only, 36.4% of leisure-only, and 60.8% of both business and leisure travelers are between the ages of 35-54.
- 23.3% of business-only, 14.1% of leisure-only, and 35.1% of both business and leisure travelers have incomes greater than \$100,000.
- 20.0% of business-only travelers are working in sales, and 58.9% of them have professional/technical jobs. 26.4% of leisure-only travelers are retired.



## DEMOGRAPHIC INFORMATION OF AIRPORT USERS

- 76.8% of the individuals that used SRQ also used TPA.
- 68.4% of TPA-only users and 79.4% of SRQ-only users do not have children living at home
- 53.5% of the individuals that used TPA also used SRQ.
- 14.8% of TPA-only users are retired and 26.3% of SRQ-only users are retired.
- 12.1% of the respondents used only SRQ. 33.6% of the respondents used only TPA.
- The average annual income of TPA-only users is \$67,020 while the average annual income of SRQ-only users are \$57,100.
- 35.1% of the respondents used both airports in the last 24 months.
- 54.8% of TPA-only users are male while 45.4% of SRQ-only users are male.
- 53.6% of TPA-only users are older than forty-four while 63.5% of SRQ-only users are older than forty-four.

# WHICH OF THESE ATTRIBUTES PLAYS THE MOST IMPORTANT ROLE IN CHOOSING AN AIRPORT?



## WHERE DID YOU FLY TO IN THE LAST 24 MONTHS FROM SARASOTA BRADENTON INTERNATIONAL AIRPORT?

### LEISURE TRAVELERS

- New York City (247 resp.)
- Atlanta (168 resp.)
- Chicago (157 resp.)
- Boston (109 resp.)
- Washington, DC (64 resp.)

### BUSINESS TRAVELERS

- Atlanta (178 resp.)
- New York City (145 resp.)
- Washington, DC (68 resp.)
- Chicago (52 resp.)

**WHERE DID YOU FLY TO IN THE LAST 24 MONTHS FROM  
TAMPA INTERNATIONAL AIRPORT?**  
(Open Ended)

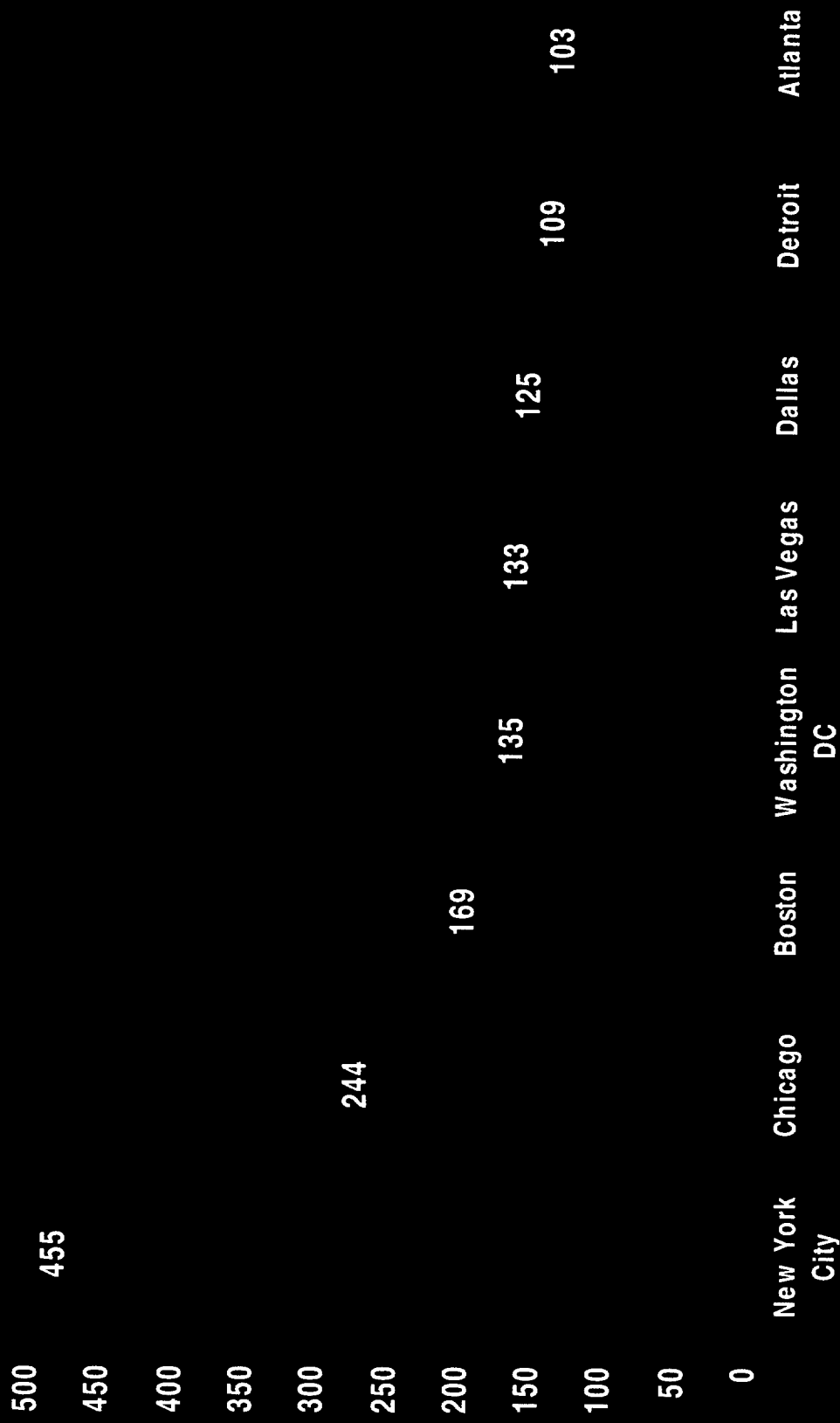
LEISURE TRAVELERS

- New York City (438 resp)
- Las Vegas (245 resp)
- Atlanta (177 resp)
- Chicago (175 resp.)
- Boston (149 resp.)
- Washington, DC (116 resp.)
- Los Angeles (107 resp.)

BUSINESS TRAVELERS

- New York City (239 resp.)
- Atlanta (195 resp.)
- Chicago (142 resp.)
- Dallas (95 resp.)
- Los Angeles (83 resp.)
- Washington, DC (82 resp)

IF A NEW DIRECT FLIGHT WERE ADDED TO SARASOTA  
BRADENTON INTERNATIONAL AIRPORT, WHICH  
DESTINATION WOULD YOU LIKE THAT TO BE?



## OUTBOUND RETAINED AND LEAKAGE TRAVEL SUMMARY

Airport Utilized	Purpose of trip	Number of respondents	Average number of trips	Total number of trips	% of traffic
SRQ	Leisure	1698	3.2	5,399	21 %
SRQ	Business	800	4.0	3,206	13 %
TPA	Leisure	2530	4.0	10,018	39 %
TPA	Business	1223	5.0	6,212	24 %
RSW*	Leisure	208	2.6	549	2 %
RSW	Business	74	3.2	238	1 %

\*RSW: Southwest Florida International Airport

# OUTBOUND RETAINED AND LEAKAGE TRAVEL SUMMARY

SARASOTA BRADENTON  
INTERNATIONAL AIRPORT  
RETAINED 34% OF AIR TRAVEL  
UTILIZED BY SARASOTA AND  
MANATEE COUNTY RESIDENTS IN  
THE LAST 24 MONTHS.

**WHAT IS THE SINGLE-MOST IMPORTANT FACTOR IN  
CHOOSING AN AIRPORT OTHER THAN SARASOTA  
BRADENTON INTERNATIONAL AIRPORT FOR TRAVEL?  
(2875 Open-ended Comments)**

- **PRICE (1907)**
- **AVAILABILITY OF FLIGHTS/SCHEDULES (343)**
- **DIRECT FLIGHTS (323)**
- **LOCATION/PROXIMITY TO HOME (60)**
- **PRICE OF TICKETS AND AVAILABILITY OF FLIGHTS (60)**
- **AIRLINE CHOICE (33)**



**FROM WHICH OTHER AIRPORTS IN YOUR AREA DID YOU  
DEPART IN THE LAST 24 MONTHS FOR YOUR TRIP(S)?**  
(438 Open-ended Responses)

- Orlando (172) • Jacksonville (8)
- St. Petersburg (145) • Tallahassee (5)
- Miami (56) • West Palm Beach (5)
- Ft. Lauderdale (15)

## HOW MANY TRIPS WERE MADE BY EMPLOYEES OF YOUR COMPANY/YOUR CLIENTS/VISITORS TO YOUR COMPANY IN THE LAST 24 MONTHS?

### TO SRQ

- 635 business-traveler respondents indicated that travels were made to SRQ by their visitors.
- The average number of trips was 5.94 in the last 24 months.
- The total number of trips made in the last 24 months was 3771.

### TO TPA

- 979 business-traveler respondents indicated that travels were made to TPA by their visitors.
- The average number of trips was 8.01 in the last 24 months.
- The total number of trips made in the last 24 months was 7841.

# WHAT PERCENTAGE OF YOUR BUSINESS TRAVEL CLIENTS WHO RESIDE IN SARASOTA OR MANATEE COUNTY FLY FROM SARASOTA BRADENTON INTERNATIONAL AIRPORT? (Travel Agents)



- Less than 10%
- 11% -25%
- 26% -40%
- 41% -55%

# WHAT PERCENTAGE OF YOUR LEISURE TRAVEL CLIENTS WHO RESIDE IN SARASOTA OR MANATEE COUNTY FLY FROM SARASOTA BRADENTON INTERNATIONAL AIRPORT? (Travel Agents)



**DO YOU COMPARE THE COST OF YOUR TICKETS BETWEEN  
SARASOTA BRADENTON INTERNATIONAL AIRPORT AND  
OTHER AIRPORTS IN YOUR AREA?**

**No  
8%**

**Yes  
92%**

ON AVERAGE, HOW DOES THE TICKET PRICE FROM  
SARASOTA BRADENTON INTERNATIONAL AIRPORT  
COMPARE TO THOSE OF OTHER AIRPORTS IN YOUR AREA?

7% 1% 5%



- More expensive from SRQ
- About the same
- Less expensive from SRQ
- I don't know

87%

**ON AVERAGE, HOW DOES THE TICKET PRICE FROM  
SARASOTA BRADENTON INTERNATIONAL AIRPORT  
COMPARE TO THOSE OF OTHER AIRPORTS IN YOUR AREA?  
(Travel Agents)**

8%

- More expensive from SRQ
- About the same
- Less expensive from SRQ

91%

**ON AVERAGE, HOW MUCH MORE DOES IT COST PER  
ROUND-TRIP TICKET TO FLY FROM SRQ RATHER THAN  
FROM TPA, RSW OR OTHER AREA AIRPORTS?**

(Only respondents who believe that ticket prices are more expensive at  
SRQ than at other area airports)

Based on weighted averages respondents believe ticket prices are  
\$97 more expensive at SRQ than at other area airports.

Leisure:

TPA-only users: \$97

SRQ-only users: \$68

Both TPA and SRQ users: \$94

Business:

TPA-only users: \$102

SRQ-only users: \$85

Both TPA and SRQ users: \$106



## **APPENDIX EIGHT**

### **ECONOMIC IMPACT ANALYSIS**

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## Technical Report

# Sarasota Bradenton International Airport Economic Impact Analysis

### Prepared for:

#### Sarasota Manatee Airport Authority

##### Sarasota County

Sam H. Herron, Jr., Vice Chairman  
Frank I. Gurney, Secretary  
John M. Keller, Commissioner  
Rosie A. Turner, Commissioner

##### Manatee County

Timothy A. Rocklein, Chairman  
~~Dan~~ P. McClure, Commissioner  
Edward Stanley, Commissioner  
J. Gregory Young, Commissioner

**December 1997**

### Prepared by:

The Airport Technology and Planning Group, Inc.  
with Mosby Engineering, Inc.

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"The preparation of this document was financed in part through a planning grant from the Federal Aviation Administration (FAA) as approved under the Airport and Airway Improvement Act of 1982 and Florida Department of Transportation. The contents of this report reflect the views of The Airport Technology and Planning Group, Inc. (AirTech), which is responsible for the facts and the accuracy of the data depicted herein, and do not necessarily reflect the official views or policy of the FAA or FDOT. Acceptance of this report by the FAA does not in any way constitute a commitment on the part of the United States to participate in any development depicted therein, nor does it indicate that the proposed development is environmentally acceptable in accordance with applicable public laws."

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combined in the air transportation SIC code. Government impacts were divided among various construction-related SIC codes.

*b. Visitors Arriving Via Commercial Airlines*

Commercial airline flights to and from the Airport enplaned an estimated 836,600 passengers in 1997. Year round carriers operating at the Airport included American Eagle, American Trans Air, Air Sunshine, TWA, USAirways, Continental, Delta, Comair, American Trans Air and Northwest. Visitors arriving in the area via these airlines contribute to the area's economy through expenditures for food, lodging, entertainment, transportation, retail sales, and other goods and services. Numerous service industries also benefit from the multiplier effects stemming from visitor spending. As previously indicated, spending patterns for the Airport's market area were derived from passenger surveys completed during August. Airport data indicates that the passenger profile changes during the market's peak travel season from November to April. As a result, the survey data was adjusted using data from the 1992 passenger survey to account for seasonal variations in the market's visitor travel and expenditure patterns.

The following methodology was employed to measure commercial service visitor impacts:

- Enplanement data for 1997 was collected. To estimate the number of visitors arriving at the **Airport**, non-local enplanements, as a percentage of total annual enplanements, were calculated from survey data. The **1997** passenger survey indicated that **48** percent of all enplanements are Visitors. According to **1992** survey data, the percentage of visitors increases to more than **62** percent of all passengers during the busier winter months. A weighted average indicates that approximately 57 percent of the **Airport's** passengers can be attributed to persons visiting the area.
- Visitor output is typically equated with visitor spending. Expenditure estimates for visitors arriving via the **Airport** were developed from **1997** survey data. Survey data indicated that visitors spend approximately **\$665** per trip and have an average trip duration of **9.5** days. These survey results are comparable to the data gathered in **1992**.
- Employment, which is supported by visitor expenditures, was estimated using Sarasota and Manatee county-specific employment ratios per \$1 million in visitor expenditures. This ratio is developed using the IMPLAN model. It is estimated that approximately **25** persons are employed in the **Sarasota Manatee area** as a result of every \$1 million in direct Visitor output (spending). This ratio is comparable to other studies using similar IMPLAN ratios.
- In order to calculate payroll associated with visitor-supported employees, average wages for the two counties for the service and retail sectors were applied to estimated

According to the Florida Department of Labor and Employment Security, these three major industry groups employ more than 36,300 persons in Sarasota and Manatee counties. Based on the survey responses, approximately 12 percent of the business activity in these three sectors is tied to access to commercial airline service. An additional two percent of these sectors business activity is tied to general aviation. In order to estimate the value-added from the availability of aviation services, one can assume that approximately 12 percent of the 36,300 employees (approximately 4,400 jobs) in Manufacturing; Transportation, Communication, and Utilities; and Finance, Insurance, and Real Estate can attribute their employment to the Airport and the efficiencies it provides. An additional 700 hundred area jobs can be attributed to general aviation services provided by the Airport. Throughout the two county area, up to 5,100 additional jobs benefit from the day-to-day operation of the Airport.

The area business survey also questioned respondents on the importance of various factors that would be considered when contemplating relocation or expansion of their businesses. The top ten factors, ranked in their relative order of importance by Sarasota County and Manatee County businesses, are as follows:

- Convenient highway access
- Available labor supply
- Tax incentives
- **Commercial service airport**
- Climate
- Proximity to suppliers
- Academic or **cultural** centers
- **An** urban business district
- **General aviation airport**
- Raw materials

Approximately 80 percent of all respondents indicated that a commercial service airport was "Essential" or "Important" to their locational decision. This compares to 53 percent of the respondents that considered a general aviation **airport as** "Essential" or "Important" to their location.

One small, but important, target group of the non-aviation business survey was area travel agencies. Proximity of a commercial service airport is an essential component of the travel agency industry. Of the 130 travel agencies in the area, approximately 24 percent responded to the survey. The survey indicated that the average travel agency in Sarasota and Manatee counties employs 5.4 persons. By using this average, it is estimated that there are 691 persons employed by travel agencies in the two county area. The survey indicated that 65 percent of these employees reside in Sarasota County, 30 percent live in Manatee County, and five percent reside in other counties. The responding travel agencies indicated that a typical agency averages just over \$2.0 million in gross sales annually. Approximately 55

- Approximately **80** percent of all respondents indicated that scheduled commercial air service is "Essential" or "Important" to their locational decision.
- Approximately 52 percent of all respondents indicated that a general aviation facility is "Essential" or "Important" to their locational decision.
- Approximately 37 percent of area travel agencies sales are related to passengers traveling from the Airport.

## **6. POTENTIAL BENEFITS**

In 1997, it is estimated that the Airport will enplane more than 836,000 passengers. Each of these enplanements is an important source of revenue *to* the Airport, primarily in the form of entitlement funding and passenger facility charges.

Entitlement funding, which is distributed through the **FAA's** Airport Improvement Program (AIP), is a federal grant for Primary commercial service airports. To be considered **as** "Primary," an airport must enplane at least 10,000 passengers annually. The funding source for the entitlement program is the Aviation Trust Fund, which derives revenues from the *tax* levied on all domestic airline tickets. Under the AIP program, each Primary airport is apportioned no less than \$500,000 per year. The actual amount of entitlement funding for an eligible airport is currently determined according to the following formula:

- **\$7.80** for each of the **first** 50,000 enplanements
- **\$5.20** for each of the **next** 50,000 enplanements
- **\$2.60** for each of the next 400,000 enplanements
- **\$0.65** for each of the next 500,000 enplanements
- **\$0.50** for each additional enplanement

**In** 1997, with an estimated **836,000** enplaning passengers, the Airport can anticipate entitlement funding at a level of approximately \$1,908,400.

PFCs are a \$1.00, \$2.00, or \$3.00 charge levied on enplaning passengers at participating airports. Typically, PFCs are used to fund major capital improvement projects that are eligible for AIP funds, noise compatibility planning and mitigation, and the construction of airport gates and related areas to move passengers and baggage. Since the PFC is initially collected by the airlines, the airline receives **\$0.08** per PFC to administer the program. **Sarasota** Bradenton International Airport is authorized to levy a **\$3.00 PFC**. Again, with an estimated **836,000** enplaning passengers, **Sarasota** Bradenton International Airport will receive approximately \$2,441,100 in PFC revenues in 1997.

The results of an on-going analysis of air service indicate that approximately 20 to 25 percent of the Airport's potential enplanements are diverting to other nearby commercial service airports. There are numerous factors that contribute to an airport's diversion rate. If Sarasota Bradenton

International is currently losing up to **25** percent of its enplanements (**278,700** enplanements) to surrounding airports, the direct financial impact to the Airport is notable.

An additional **278,700** enplaning passengers would generate an added \$164,000 in entitlement revenues and additional **\$836,100** in PFC revenues for the Airport. This indicates that the estimated **25** percent level of passenger diversion is costing the Airport more than \$1 million per year in revenues. These revenues would, in all likelihood, be used to fund projects currently included in the Airport's capital improvement program.

PFCs and entitlement revenues are not the only benefits the Airport is losing due to passenger diversion. **An** additional **278,700** enplanements would mean additional sales, employment, and payroll for many of the on-Airport tenants. Of the **689** employees located on the Airport, approximately **570** persons are involved with commercial service visitors. These employers include airlines, terminal concessions, parking, security, **and** the various government entities located throughout the Airport. If the Airport were successful in capturing its lost passengers, it is likely that the number of jobs, payroll, and sales associated with tenants serving airline traffic would also increase. **An** increase in passenger traffic by **25** percent could result in an additional 190 on-airport jobs. These jobs would provide an additional payroll benefit of more than **\$5.4** million. The increased activity would also generate a total additional output of nearly **\$14.2** million.

The jobs, payroll, and output stemming from the additional passengers would also create secondary or induced benefits. When combined, direct and induced impacts would produce more than 405 new jobs earning **\$11.9** million in payroll. Direct and induced output benefits that are associated with visitors now arriving via other **airports** approaches **\$32.3** million.

It is **assumed** that most **of** the diverting visitors, who are currently using other regional **airports**, are still spending money for lodging, **food**, retail items, and recreation in the **Sarasota** and Manatee county **area**. Therefore, should the Airport capture these additional enplanements, it would not **necessarily** represent additional visitor-related spending and jobs in **Sarasota** and Manatee counties. On-Airport jobs, discussed above, would increase with a higher passenger capture rate. **If Sarasota** Bradenton International Airport were to **capture** some portion **of** its current passenger diversion, the captured visitor benefits would then be attributable to the Airport.

## **7. SUMMARY**

The **Sarasota** Bradenton International Airport is clearly **a** significant asset to **Sarasota** and Manatee counties. In addition to serving approximately **1.7** million enplaning and deplaning passengers, the **Airport's** tenants and visitors directly contribute nearly **\$370** million in sales and capital expenditures, **\$146.1** million in payroll, and **7,570** jobs to the local economy. When secondary or induced impacts are taken in to account, the Airport is responsible for approximately **\$958.6** million in sales and capital expenditures **as well as** **17,200** jobs with an **annual** payroll **of** **\$377.7** million. When compared to economic data gathered in **1992**, the Airport's contribution to the area's economy **has** increased by approximately **15** percent.

## **APPENDIX NINE**

### **GRANT AUDIT REPORT**

# **Sarasota Manatee Airport Authority**

**Schedule of Expenditures of Federal Awards and  
State Financial Assistance and Supplementary  
Schedule of Passenger Facility Charges and  
Reports on Compliance  
For the Year Ended September 30, 2001**



# Sarasota Manatee Airport Authority

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**Report of Independent Certified Public Accountants on Compliance and on Internal  
Control Over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Members

Sarasota Manatee Airport Authority

Sarasota, Florida

We have audited the financial statements of the Sarasota Manatee Airport Authority (the Authority) as of and for the year ended September 30, 2001, and have issued our report thereon dated November 16, 2001, except for the information in Note 11 as to which the dates are November 19, 2001 and December 17, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters

involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Members of the Authority, and officials of applicable federal and state agencies, and is not intended to be, and should not be used by anyone other than those specified parties.

*PricewaterhouseCoopers LLP*

November 16, 2001

**Report of Independent Certified Public Accountants on Compliance  
and Internal Control Over Compliance Applicable to Each  
Major Federal Program and State Project**

The Members

Sarasota Manatee Airport Authority  
Sarasota, Florida

**Compliance**

We have audited the compliance of Sarasota Manatee Airport Authority (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to its major federal program and state project for the year ended September 30, 2001. The Authority's major federal program and state project are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program and state project are the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States; OMB Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program and state project for the year ended September 30, 2001.

#### Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program or state project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the financial statements of the Authority as of and for the year ended September 30, 2001, and have issued our report thereon dated November 16, 2001, except for the information in Note 11 as to which the dates are November 19, 2001 and December 17, 2001. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Members of the Authority, officials of applicable federal agencies and the State of Florida Office of the Auditor General, and is not intended to be, and should not be used by anyone other than those specified parties.

*PricewaterhouseCoopers LLP*

November 16, 2001

# Sarasota Manatee Airport Authority

## Schedule of Expenditures of Federal Awards and State Financial Assistance For the Year Ended September 30, 2001

Grant Number	CFDA Number	Award Amount	Accrued Revenue at September 30, 2000	Cash Receipts	Federal Share of Current Year Expenditures	Accrued Revenue at September 30, 2001
3-12-0071-29	20.106	\$ 1,875,642	\$ 3,227	\$ 3,720	\$ 493	\$ -
3-12-0071-30	20.106	\$ 5,760,518	18,445	2,550,668	3,747,657	1,215,434
3-12-0071-31	20.106	\$ 3,722,179	-	667,352	1,152,699	485,347
3-12-0071-32	20.106	\$ 5,208,750	-	-	-	-
Total Federal Financial Assistance <sup>(1)</sup>			\$ 21,672	\$ 3,221,740	\$ 4,900,849	\$ 1,700,781

<sup>(1)</sup> Constitutes a major program.

Grant Number	CFSA Number	Award Amount	Accrued Revenue at September 30, 2000	Cash Receipts	State Share of Current Year Expenditures	Accrued Revenue at September 30, 2001
1829055	55.004	\$ 2,025,000	\$ 156,030	\$ 1,022,372	\$ 930,112	\$ 63,770
206659-1-9401	55.004	\$ 82,500	2,432	45,320	55,246	12,358
207144-1-8401	55.004	\$ 3,884,700	5,642	219,130	275,833	62,345
404428-1-8401	55.004	\$ 729,400	211,083	211,083	1,316	1,316
404453-1-8401	55.004	\$ 25,000	22,434	25,000	2,566	-
405875-1-9401	55.004	\$ 250,000	15,145	15,145	-	-
407965-1-9401	55.004	\$ 50,000	-	4,517	50,000	45,483
407967-1-9401	55.004	\$ 45,000	-	-	186	186
407968-1-9401	55.004	\$ 685,000	539	185,000	684,461	60,000
407969-1-9401	55.004	\$ 75,000	57,232	57,232	-	-
407975-1-9401	55.004	\$ 10,000	5,208	5,286	1,428	1,350
Total State Financial Assistance <sup>(2)</sup>			\$ 475,745	\$ 1,700,085	\$ 2,001,149	\$ 207,000

<sup>(2)</sup> Constitutes a major project.

# Sarasota Manatee Airport Authority

## Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance For the Year Ended September 30, 2001

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### 1. Summary of Significant Accounting Policies

The accounting policies and the presentation of the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance of the Sarasota Manatee Airport Authority (the Authority) have been designed to conform with generally accepted accounting principles as applicable to governmental units, including the reporting and compliance requirements of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, U.S. Office of Management and Budget Circular (OMB) A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General,

#### Reporting Entity

The Authority is an independent special district pursuant to the constitution and laws of Florida, particularly Chapter 91-358, Laws of Florida, as amended, revising and consolidating Chapter 31263, Special Laws of Florida, 1955, which, by the Act authorized the Authority to own and operate the Sarasota Bradenton International Airport (the Airport). The Authority has jurisdiction, control, supervision and management of the Airport. OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General set forth the audit and reporting requirements applicable to recipients of federal and state financial assistance.

#### Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the accrual basis of accounting. Revenue is recognized (accrued) when the corresponding expense **has** been determined to be eligible **for** reimbursement under the terms of the grant. Expenses are recognized when the related liability is incurred.

### 2. Contingencies

Grant monies received and disbursed by the Authority are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests **for** reimbursement due to disallowance of expenditures. Based upon prior experience, the Authority does not believe that such disallowances, if any, would have a material effect on the financial position of the Authority.

# Sarasota Manatee Airport Authority

## Schedule of Findings and Questioned Costs For the Year Ended September 30, 2001

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### Section I: Summary of Auditor's Results Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	___ Yes	<u>X</u> No
Reportable conditions identified not considered to be a material weakness?	___ Yes	<u>X</u> None reported
Noncompliance material to the financial statements noted?	___ Yes	<u>X</u> No

### Federal Awards and State Financial Assistance

Internal control over major programs and state projects:

Material weaknesses identified?	___ Yes	<u>X</u> No
Reportable conditions identified not considered to be a material weakness?	___ Yes	<u>X</u> None reported

Type of auditor's report issued on compliance for major programs and state projects: Unqualified

Any audit findings relative to the major federal program and state project?

___ Yes	<u>X</u> No
---------	-------------

Identification of major programs and state projects:

#### Federal Program

CFDA Number  
20.106

Name of Federal Program or Cluster  
Federal Aviation Administration

Dollar threshold used to distinguish between Type A and Type B programs: \$300.000

Auditee qualified as low-risk auditee pursuant to OMB Circular A-133

<u>X</u> Yes	___ No
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#### State Project

CFSA Number  
55.004

Name of State Project  
Department of Transportation Aviation Development Grants

Dollar threshold used to distinguish between Type A and Type B projects: \$300.000



# **Sarasota Manatee Airport Authority**

## **Schedule of Findings and Questioned Costs For the Year Ended September 30, 2001**

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### **Section II: Findings - Financial Statements**

There were no reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements.

### **Section III: Findings and Questioned Costs – Major Federal Programs**

There were no audit findings related to federal awards required to be reported by Circular A-133, Section 510(a).

### **Section IV: Findings and Questioned Costs – Major State Projects**

There were no audit findings related to state projects.

### **Section V: Other Issues**

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal programs or State projects. No Corrective Action Plan is required because there were no findings required to be reported under Federal or Florida Single Audit Acts.

**Report on Compliance with Requirements Applicable to Passenger Facility  
Charge Program and on Internal Control Over Compliance and  
Supplementary Schedule of Passenger Facility Charges**

The Members  
Sarasota Manatee Airport Authority  
Sarasota, Florida

**Compliance**

We have audited the compliance of the Sarasota Manatee Airport Authority (the Authority) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended September 30, 2001. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to the passenger facility charge program for the year ended September 30, 2001.

#### Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### Supplementary Schedule of Passenger Facility Charges

We have audited the financial statements of the Authority as of and for the year ended September 30, 2001, and have issued our report thereon dated November 16, 2001, except for the information in Note 11 as to which the dates are November 19, 2001 and December 17, 2001. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Supplementary Schedule of Passenger Facility Charges for the year and each of the four quarters in the year ended September 30, 2001 is presented for purposes of additional analysis as specified in the Guide and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Members of the Authority, and the Federal Aviation Administration and is not intended to be, and should not be used by anyone other than those specified parties.

*PricewaterhouseCoopers LLP*

November 16, 2001

## Sarasota Manatee Airport Authority

### Supplementary Schedule of Passenger Facility Charges (PFC)

For the Year and Each of the Four Quarters in the Year Ended September 30, 2001

Quarter Ended	PFC		
	Revenue	Interest	Total
December 31, 2000	\$ 486.078	\$ 181.687	\$ 667.765
March 31, 2001	454.724	147.457	602.181
June 30, 2001	434.631	113.636	548.267
September 30, 2001	363.691	94.207	457.898
	<u>\$ 1,739,124</u>	<u>\$ 536.987</u>	<u>\$ 2,276,111</u>

# **Sarasota Manatee Airport Authority**

## **Notes to Supplementary Schedule of Passenger Facility Charges (PFC) For the Year and Each of the Four Quarters in the Year Ended September 30, 2001**

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### **1. General**

The accompanying Supplementary Schedule of Passenger Facility Charges presents the activity of all passenger facility charges of the Sarasota Manatee Airport Authority.

### **2. Basis of Accounting**

The accompanying Supplementary Schedule of Passenger Facility Charges is presented using the accrual basis of accounting.

## **APPENDIX TEN**

### **PASSENGER STATISTIC REPORT**

**SARASOTA BRADENTON INTERNATIONAL AIRPORT**

**TOTAL PASSENGERS - DECEMBER 2001**

**MONTH / YEAR-TO-DATE COMPARISON**

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RLINES	MONTH			YEAR-TO-DATE			YTD MKT SHARE	
	2001	2000	% CHG	2001	2000	% CHG	2001	2000
[MAJOR CARRIERS]								
AMER TRANS AIR	10,557	12,482	-15.4%	139,110	133,341	4.3%	13.5%	10.7%
CONTINENTAL	5,379	11,200	-52.0%	100,134	136,980	-26.9%	9.7%	11.0%
DELTA	38,969	41,748	-6.7%	499,061	585,685	-14.8%	48.4%	47.1%
NORTHWEST	4,315	5,450	-20.8%	56,788	65,167	-12.9%	5.5%	5.2%
TWA	0	0	0.0%	0	55,021	-100.0%	0.0%	4.4%
U.S AIRWAYS	20,307	20,506	-1.0%	236,038	267,007	-11.6%	22.9%	21.5%
MAJOR TOTAL:	79,527	91,386	-13.0%	1,031,131	1,243,201	-17.1%	100.0%	100.0%
[COMMUTERS]								
AIR SUNSHINE	392	643	-39.0%	7,055	7,669	-8.0%	6.7%	4.4%
AMER EAGLE	0	6,932	-100.0%	24,429	80,396	-69.6%	23.1%	46.1%
ATLANTIC S. E.	2,531	0	100.0%	28,098	26,160	7.4%	26.5%	15.0%
COMAIR	6,424	7,418	-13.4%	45,491	51,166	-11.1%	42.9%	29.3%
CONTINENTAL EXP	0	0	0.0%	0	9,174	-100.0%	0.0%	5.3%
FLORIDA AIR	0	0	0.0%	881	0	100.0%	0.8%	0.0%
COMMUTER TOTAL:	9,347	14,993	-37.7%	105,954	174,565	-39.3%	100.0%	100.0%
[DOMESTIC-CHTR]								
CASSINO AIR	0	0	0.0%	244	0	100.0%	1.7%	0.0%
CHAMPION AIR	0	0	0.0%	0	2,850	-100.0%	0.0%	8.8%
FALCON AIR	0	0	0.0%	0	330	-100.0%	0.0%	1.0%
GULF STREAM INT'L	0	0	0.0%	0	0	0.0%	0.0%	0.0%
LORAIR	0	0	0.0%	0	744	-100.0%	0.0%	2.3%
RYAN AIR	0	0	0.0%	886	234	278.6%	6.2%	0.7%
SOUTHEAST AIRLINES	0	2,836	-100.0%	2,103	8,183	-74.3%	14.6%	25.2%
SPIRIT AIRLINES	0	0	0.0%	220	0	100.0%	1.5%	0.0%
SUN COUNTRY	0	2,849	-100.0%	10,917	20,123	-45.7%	76.0%	62.0%
SUBTOTAL:	0	5,685	-100.0%	14,370	32,464	-55.7%	100.0%	100.0%
[INT'L-CHTR]								
AIR TRANSAT	0	588	-100.0%	6,646	8,140	-18.4%	32.1%	34.2%
CANADA 3000	0	1,163	-100.0%	14,068	15,698	-10.4%	67.9%	65.9%
SUBTOTAL:	0	1,751	-100.0%	20,714	23,838	-13.1%	100.0%	100.0%
CHARTER TOTAL:	0	7,436	-100.0%	35,084	56,302	-37.7%	3.0%	3.8%
GRAND TOTAL:	88,874	113,815	-21.9%	1,172,169	1,474,068	-20.5%	100.0%	100.0%